

Covert operations Foreign Currency Renfrow brothers Guru UNITED STATES GUILTY OF SABATOGE

Sabotage is a deliberate action aimed at weakening a polity or corporation through subversion, obstruction, disruption, or destruction. In a workplace setting, sabotage is the conscious withdrawal of efficiency generally directed at causing some change in workplace conditions. One who engages in sabotage is a saboteur. Saboteurs typically try to conceal their identities because of the consequences of their actions.

Any unexplained adverse condition might be sabotage. Sabotage is sometimes called tampering, meddling, tinkering, malicious pranks, malicious hacking, a practical joke or the like to avoid needing to invoke legal and organizational requirements for addressing sabotage.

[9/11 Was A Fantastically Profitable Covert Operation | Lars ...](http://www.larsschall.com/.../911-was-a-fantastically-profitable-covert-operatio...)
www.larsschall.com/.../911-was-a-fantastically-profitable-covert-operatio...

Sep 3, 2011 - **Catherine Austin Fitts** is a graduate from the University of ... With regards to the 9/11 **insider trading**, I would like to recommend to read the study ...

- [Insider trading 9/11 ... the facts laid bare : Information ...](http://www.informationclearinghouse.info/article3...)
www.informationclearinghouse.info/article3...

http://www.fromthewilderness.com/free/ww3/120104_world_burns.shtml
<http://projectcamelotportal.com/blog/31-kerrys-blog/2185-black-budget-an-interview-with-catherine-austin-fitts-new>
<https://www.youtube.com/watch?v=MtDD25hEBZE>

Information Clearing House

Mar 20, 2012 - Related to the issue of **insider trading** via (put or call) options there is but there are very few hard facts as **Catherine Austin Fitts**, a former ...

- [Insider trading 9/11 ... the facts laid bare - Asia Times Online](http://www.atimes.com/atimes/Global.../NC21Dj07.html)
www.atimes.com/atimes/Global.../NC21Dj07.html

Asia Times Online

Mar 21, 2012 - Highly publicized allegations of **insider trading** in advance of 9 / 11**Catherine Austin Fitts**: Well, I've never been able to see concrete ...

- [Catherine Austin Fitts | Shift Frequency](http://www.shiftfrequency.com/tag/catherine-austin-fitts/)
www.shiftfrequency.com/tag/catherine-austin-fitts/

- **Catherine Austin Fitts** ~ War Greatest Risk-Not Global Financial Collapse the spread of the electronic spying-**insider trading** meme to Max Keiser and RT ...

- [Insider Trading 9/11...Unresolved, by Lars Schall | Zero Hedge](#)
www.zerohedge.com › Blogs › smartknowledgeu's blog

- Zero Hedge

Mar 21, 2012 - **Insider Trading** 911. ... Additional companies hit hard by the **insider trading** included Axa Re(insurance) and Munich **Catherine Austin Fitts**.

- [Catherine Austin Fitts: "I think around situations like 9/11 we ...](#)
www.maxkeiser.com › Headlines

- Max Keiser

Sep 3, 2011 - 32 comments on "**Catherine Austin Fitts**: "I think around situations like 9/11 we've seen things that can only be explained as **insider trading**.""

- [Keiser Report: NSA-spread Digital AIDS \(E487\) - YouTube](#)

▶ 25:41 ▶ 25:41

www.youtube.com/watch?v=3aJN4hjhALY

- Aug 22, 2013 - Uploaded by RT

In the second half, Max talks to former government official, **Catherine Austin Fitts** of Solari.com about ...

- [catherine austin fitts » The Original N-D-N's Blog](#)
www.maximumtheory.com/blog/tag/catherine-austin-fitts/

- **Catherine Austin Fitts** – Secret Space Program & The Black Budget represents the ultimate **insider trading** mechanism from **Catherine Austin Fitts** and our own ...

- [Economics - 9/11 Was A Fantastically Profitable Covert Operation ...](#)
<https://gold-forum.kitco.com/archive/index.php?t-91611.html>

- Sep 3, 2011 - **Catherine Austin Fitts** is a graduate from the University of ... With regards to the 9/11 **insider trading**, I would like to recommend to read the study ...

- [\[PDF\]Catherine Austin Fitts Guide to Narco-Dollars by Narco ...](#)
www.ratical.org/co-globalize/narcoDollars.pdf

Narco News Publisher's Note: **Catherine Austin Fitts** is a former managing director the money laundering and **insider trading** news on the War on Terrorism.

<http://events.instantteleseminar.com/?eventid=64150221>

- [USA v. Renfrow et al :: Kansas District Court :: Case No. 2 ...](#)

www.plainsite.org/dockets/.../kansas-district-court/usa-v-renfrow-et-al/

- Case no. 2:12-cr-20041 in the **Kansas District Court**.

- [\[PDF\]IN THE UNITED STATES DISTRICT COURT FOR THE ...](#)

www.gpo.gov/.../USCOURTS...

- United States Government Printing Office

Nov 13, 2007 - IN THE **UNITED STATES DISTRICT COURT**. FOR THE DISTRICT OF KANSAS. ROY RENFRO, et al.,.)) Plaintiffs,.)) v.) **Case No. 07-2050-** ...

- [FOUND!!! USA v. Renfrow et al, 2:12-cr-20041, No. 1 - Mr. IQD](#)

mriqd.com/.../found-usa-v-renfrow-et-al-212-cr-20041-no-1-d-kan-apr-...

- Oct 14, 2013 - FOUND!!! **USA v. Renfrow et al**, 2:12-cr-20041, No. 1 (D.Kan. Apr. 18, 2012) ...

https://www.docketalarm.com/cases/Kansas_District_Court/2-12-cr-20041/USA_v. ... TNT – Ready To “Blow Up” In **District Court** – Due Oct 7th!

- [U.S. v. Renfrow :: 1895 :: Oklahoma Supreme Court ... - Justia](#)

law.justia.com > ... > Oklahoma Supreme Court Decisions > 1895

- Justia

U.S. v. Renfrow. Annotate this **Case**. **U.S. v. Renfrow** 1895 OK 52 41 P. 88 ... v. UNITED STATES. Error from the **District Court** of Pottawatomie County. ... The fact that an Indian received allotted lands in **Kansas** in the year 1866, and took the oath of allegiance to the ¶124 The act of congress of 1887, supra., in Eells, **et al.** v.

- [KS Recent Opinions - Court](#)

<https://ecf.ksd.uscourts.gov/cgi-bin/Opinions.pl?year=2006>

- **U.S. District Court of Kansas** Opinions. This feature is for ... 12/22/2006, Civil **CaseNo.** 06-3321.

Lindsey v. Lawrence **et al**, Doc No. 06-2284. **Renfro et al v.**

- [USA v. Renfrow et al, 2 12-cr-20041, No. 1 \(D.Kan ... - Scribd](#)

<https://www.scribd.com/.../USA-v-Renfrow-et-al-2-12-cr-20041-No-1-D...>

- Apr 18, 2012 - <https://www.scribd.com/doc/228684738/USA-v-Renfrow-et-al-2-12-cr-20041-No-1-D-Kan-Apr-18-2012> ... IN THE UNITED STATES **DISTRICT COURT** ... **Case 2:12-cr-20041-CM** Document 1 Filed 04/18/12 Page 1 of 17 ... the District of **Kansas** and elsewhere, RENFROW and FOX, together with each other
- [TNT Tony Renfrow - Exposed](#)
tnttony.blogspot.com/2013/10/looks-like-master-bull-shiter-himself.html
-
- Oct 14, 2013 - **USA v. Renfrow et al**, 2:12-cr-20041, No. 1 (D.Kan. Apr. 18, 2012) 5. **trial** on June 8th, 2015 in the US **District Court, Kansas** for his role in the ...
- [Iraqi Dinars - Financial Scams - Scam Detector](#)
scam-detector.com/financial-scams/iraqi-dinars
-
- HE HAS A **TRIAL** COMING UP IN **KANSAS** CITY DISTRICT FEDERAL MCOURT ... **District Court/2--12-cr-20041/USA v Renfrow et al** HIS BROTHER RAYREN ...
- [Want to Receive 30,000 Iraqi Dinars? | Iraqi Dinar Updates](#)
www.dinars.me/dinars-me-posts/want-to-receive-30000-iraqi-dinars/
-
- Aug 21, 2013 - I did receive additional **case** information allegedly related to someone else in the ... **USA v. Anthony Renfrow et al. Kansas District Court** (ksd)
- [Federal Charges Brought Against TNT Tony ! - Page 2 - Dinar Rumors ...](#)
[dinarvets.com › Dinar Vets Message Board › Iraq Topics › Dinar Rumors](#)
- Dec 17, 2013 - Tony has told **us** that 1 Iraqi Dinar will be equal to \$32 because each**v. RAYMOND A. RENFROW**, individually and d/b/a IDEAL TAX circumstances presented in this **case**, the court concludes that it is appropriate to deem the**Renfrow et al. Kansas District Court** (ksd) Docket Number: 2:12-cr-20041

<https://pdf.yt/d/UCRKVbZs3eovxB8m>

USA-v-Renfrow-et-al-2-12-cr-20041-No-1-D-Kan-Apr-18-2012.pdf

<https://pdf.yt/d/LnSQ4i2meiLRbAJ8>

<http://www.truthcall.com/tony.html>

TNT Tony Exposed (Scroll to bottom to comment)

[Blaino Exposed Click here](#)

TNT Tony Renfrow: the King of distracting miss information.

FACT: Tony's Dinar Info has proven to be unreliable since April 2011
We all deserve the TRUTH about him and here it is:



Tony Renfrow [INDICTMENT](#) & more [USA v. Renfrow](#) & [Federal Indictment of Anthony \(TNT Tony\) Renfrow](#)

(Update 12/16/2014) **Defendants Tony Renfrow and William Fox remain on Bond. 2 week Trial Date set for June 8, 2015 / Motion hearing March 4, 2015**

ATTORNEY TO BE NOTICED

Date Filed	#	clear	Docket Text
12/15/2014	62	☐	MINUTE ENTRY for proceedings held before District Judge Carlos Murguia: STATUS CONFERENCE as to Anthony Renfrow, William Fox held on 12/15/2014-granting 50 Mo 2/4/2015. Response deadline 2/18/2015. Motion Hearing set for 3/4/2015 at 09:30 AM in Courtroom 463 (CM) before District Judge Carlos Murguia.) Jury Trial set for 6/8/2015 at 09:30 AM in Courtroom 463 (CM) before District Judge Carlos Murguia. (ss) (Entered: 12/15/2014)
10/21/2014	56		NOTICE OF HEARING as to Defendant Anthony Renfrow. THIS IS AN OFFICIAL NOTICE FOR THIS HEARING (This is a TEXT ENTRY ONLY. There is no pdf document attached.) (Entered: 10/21/2014)
09/25/2014	53		NOTICE OF CANCELLED HEARING: change of plea and motion hearing 9/29/2014 as to Defendants Anthony Renfrow, William Fox cancelled. (This is a TEXT ENTRY ONLY.) (Entered: 09/25/2014)
06/30/2014	49	☐	ORDER sustaining defendant Anthony Renfrow's 48 Motion to Continue and to Declare Time Excludable from Speedy Trial Act Deadlines. Hearing continued to 9/29/2014 at 09:30 AM in Courtroom 463 (CM) before District Judge Carlos Murguia. (mg) (Entered: 06/30/2014)

Kansas City, KS Court House www.ksd.uscourts.gov (913)735-2200 Tony Renfrow's public Defender Tom Bartee

Prosecuting US Attorneys office Scott Rask (913)551-6730

Anthony Renfrow's (Tony) is using a **Public Defender**...(That means Tony has no money and he is BROKE) William Fox (The marketing guy for Tony's Con) is the other defendant.

Tony Renfrow is Charged with Fraud/Theft & Conspiracy to commit Fraud & Wire Fraud.

Tony appeared in person for the conference Court date on [12/15/2014 10:00AM](#) (Case # 12-cr-20041: USA v. Renfrow) defendants Tony Renfrow and William Fox remains on a bond. Next Motion hearing March 4, 2015 then 2 week Trial set for June 8, 2015 <https://ecf.ksd.uscourts.gov/cgi-bin/CourtSched.pl> (See screen shots below)

Motion hearing March 4, 2015

Browser: <https://ecf.ksd.uscourts.gov/cgi-bin/CourtSched.pl> KS Court Schedule

Court Schedule: Wednesday, March 04, 2015 - Wednesday, March 04, 2015

From: 03/04/2015 To: 03/04/2015 Use the "From" and "To" boxes to change the date(s).

Note: Court schedules change frequently and often at the last minute. Please contact the court for more information.

The drop down boxes below are for filtering the information for the selected date range.

Time	Case Number and Title	Judge	City	Courtroom	Hearing Type
03/04/2015 09:30AM	00-cr-20090: USA v. Mendoza	District Judge Murguia	Kansas City	Courtroom 463 (CM)	Revocation Superv Rls-FinalHrg
03/04/2015 09:30AM	12-cr-20041: USA v. Renfrow	District Judge Murguia	Kansas City	Courtroom 463 (CM)	Motion Hearing (General)
03/04/2015 09:30AM	12-cr-20041: USA v. Fox	District Judge Murguia	Kansas City	Courtroom 463 (CM)	Motion Hearing (General)
03/04/2015 09:30AM	14-cv-2334: Moore v. Phillips Li	Magistrate Judge Sebelius	Telephone	Telephone	Final Pretrial Conference
03/04/2015 01:30PM	14-cv-4081: Kemper Independence	Magistrate Judge James	Telephone	Telephone	Status Conference

2 week Jury Trial Date set for June 8, 2015

Browser: <https://ecf.ksd.uscourts.gov/cgi-bin/CourtSched.pl> KS Court Schedule

Court Schedule: Monday, June 08, 2015 - Monday, June 08, 2015

From: 06/08/2015 To: 06/08/2015 Use the "From" and "To" boxes to change the date(s).

Note: Court schedules change frequently and often at the last minute. Please contact the court for more information.

The drop down boxes below are for filtering the information for the selected date range.

Time	Case Number and Title	Judge	City	Courtroom	Hearing Type
06/08/2015 09:00AM	12-cr-20041: USA v. Renfrow	District Judge Murguia	Kansas City	Courtroom 463 (CM)	Jury Trial
06/08/2015 09:00AM	12-cr-20041: USA v. Fox	District Judge Murguia	Kansas City	Courtroom 463 (CM)	Jury Trial
06/08/2015 01:30PM	14-cv-1186: McHenry et al v. Hor	District Judge Belot	Wichita	Courtroom 161 (MLB)	Final Pretrial Conference

TNT Tony - Update TONY WORKS FOR
STERLING CURRENCY GROUP (Idiot! -
LOL)

TNT Tony Dinar - Global Currency Collapse /
Reset - Assets Of Countries - Nixon Shock

TNT Tony | Okie | proof Dinar Info unreliable -

it is easy to see they have been wrong 100's of times!

Classic Dinar Guru TNT Tony Renfrow PTR 2012 01 27 [Call](#) / Other TNT calls: www.iqdcalls.com/tnt.html

Tony "TNT" Renfrow / Anthony Renfrow Exposed



Twitiot [TNT bought most his Twitter Followers Cheap](#) TNT

Had over 218K followers instantly Early Feb. 2014 dropped some down to 202k Feb. 7th then on the 8th&9th bought some more to prop followers up to 253K instantly. May 1st 2014 he had 240K then did another calling 5/12/2014 grew to 241k those 1k where most likely real...

To put things into perspective, Dinar Corp has 128 followers. Dinar Inc Has 134. Dinar Banker has 340. TNT may have 5-20K real followers which is a respectable amount, but crying about only winning the Lottery (\$3.44ish rate / 3,000 times on your money) and not the Power Ball (\$30+ rate / 30,000 times on your money) no one is going to feel sorry for him or any Dinar holders. Yes Tony the government lies to us glad your waking up to that even though your obviously still not in the know, it is a start for you. lol

Buying Twitter followers is a Marketing tactic use by Marketing pros, you lose about 10-30% in 3 months, but it brings on real "organic" followers – (sheeple phenomena)...

According to Dinar Corp marketing they estimated there are not much more than 20,000 active people in the US following the Dinar closely and only about 1 million holders... Dinar corp has had about 50,000 customers some have bought multiple times. Dinar Inc says that their customers have bought 1-3 separate orders.

So Tony Lied Again This time about his followers on twitter **TRUTH IS 70-85% of his followers are proven to be Fake**



On Tony TNT: The Truth Behind #WeAreThePeople... First broadcast: Saturday 15 February 2014 #wearethepeople has been tweeted more than four million times in the past three weeks. It looks like an anti-government protest, but who's really behind it? The Trending team investigates how financial 'gurus' are using the hashtag to encourage people to buy Iraqi dinar. [Audio Link](#) 12min

2/5/2014 Tony slipped on a call recently and said "**I get paid either way.**" What did you mean by that Tony?

Dinar People deserve the Truth... something is very wrong... enough is enough... Tony has regurgitated the same Fictitious, Bull-pucky-tell, Nonsense miss-information insanity since April 2011

The term "Blast" comes from the drug dealing world... "Get your Blast" (addicts)



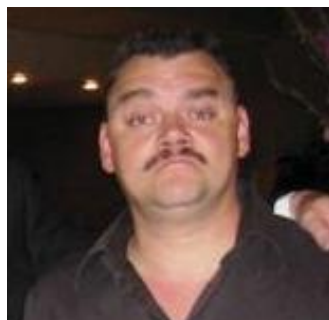
Tony's Handler is DC - Winston Pfiester President and Owner at [Aero Centex](#) Wife is [January Pfiester](#)

Video of DC / Winston Pfiester



Tony "TNT" Renfrow / Anthony Renfrow
Aliases:

Anthony W. Renfrow
Anthony Wayne Renfrow
Tony W Renfrow
Anthony Waiyne Fenfro
Anthony Renfro
Anthony Renfrow



Dan "Checkmate" Atkinson
Tony's X Partner at Peoples Talk Radio (PTR)



Raymond Renfrow Tony's Brother

	 Pamela Pedersen (Already Blessed) of TNT Tony. She will also be brought in for questioning by the DOJ (Department of Justice) She shut her @alreadyblessed twitter account down.
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Proof Tony is (Anthony Renfrow) ON VIDEO! www.youtube.com/watch?v=VDDynAygTYc

The IMF warn the public about the unauthorized use of the name of the IMF in connection with illegal financial schemes. www.imf.org/external/np/sec/pr/2006/pr06154.htm

12-126 - USA v. Renfrow www.gpo.gov/fdsys/granule/USCOURTS-caed-2_12-mj-00126/USCOURTS-caed-2_12-mj-00126-0/content-detail.html

https://www.docketalarm.com/cases/Kansas_District_Court/2--12-cr-20041/USA_v._Renfrow_et_al/1

Concerned people that sent emails to IQDCalls.com, here and other places:

5/10/2014 please stop. tony, most people know you are a fake. there are no 800 numbers, no call centers. go back to scamming people on amway. hopefully, someone will find a way to turn you in and you can spend your days in a superfantastic prison cell. you have hurt many by preying on their hopes. many have been very hurt by your continuing to say today is the day and they put off decisions based on your fabrications. narcissists like this do not care about others but hopefully there is an ounce of decency in you that will get you to stop. blessed weekend. MB...

Tony is looking to have Counts 1 & 2 dismissed, his Public Defender submitted on Dec 9, the USAO has not responded, this is set for 3/25/14, I assume he would have to attend this court hearing:

Full docket text for document 42: NOTICE OF HEARING ON MOTION as to Anthony Renfrow, William Fox regarding [40] MOTION to Dismiss Counts 1 and 2 of the [1] Indictment, [39] MOTION to Dismiss [1] Indictment For Lack of Jurisdiction. Response deadline 3/7/2014. Motion Hearing set for 3/25/2014 at 09:30 AM in Courtroom 463 (CM) before District Judge Carlos Murguia. THIS IS AN OFFICIAL NOTICE FOR THIS HEARING. (This is a TEXT ENTRY ONLY. There is no.pdf document associated with this entry.) Terminate Deadlines and Hearings as to Anthony Renfrow, William Fox - status conference set for 1/27/2014 canceled. (js)

1/27/2014 SW: I just finished talking to the Kansas Court House and it was the "Court" that canceled, and re-scheduled Anthony Renfrow's court date as March 25, 2014

1/26/2014 Tony's court date has been postponed from 1/27/14 until March 25 2014.

1/25/2014 How is it that Tony never knows what date it is at the beginning of his calls, but he knows the RV will happen "tomorrow" and said he knew what time, but he can't say? Oh ya and he recently said that his providers lied to him? So now they are not lying?? This man is a lying idiot, BS'er and con man sham on him. He is not helping anyone only hurting!!! LS

12/4/2013 "Tony. TNT. Calls.... This man is a complete idiot. He makes all dinar holders look like a bunch of nincompoops. I wish everybody would stop posting anything from this man. He has no credibility whatsoever. Please write a disclaimer in front of his calls so everybody is aware of his lies.

11/25/2013 Dan says Tony is broke and living in a hotel.....rumor.....Tony is very charming and I find him to be like a cult leader.....and he says what people want to hear.....who knows what the truth is.....time will tell.....I believe he has a court date in January 2014.....maybe he hopes to make money soon with the Dinar so he can strike a deal, etc.....buying time like so many in this are doing..... N_

INDICTMENT links as to Anthony Renfrow: (Partner in crime is William Bill Fox)
www.docketalarm.com/cases/Kansas_District_Court/2--12-cr-20041/USA_v._Renfrow_et_al

Rip off reports on tony: www.ripoffreport.com/reports/directory/tony-renfrow >20
Complaint

www.ripoffreport.com/reports/directory/14-daily-plus--tony-renfrow--bill-fox--holton-buggs >5 Complaints

(Tony's INDICTMENT had nothing to do with the IQD so he may be trying to fly straight now???)

12/09/2013 S...W: Just got off the phone with the Kansas Clerk's office and they gave me the following: He will have to appear before Judge Murguia on January 27, 2014 at 9:30 AM Court Room 463 This is a pre-trial to see if there are any motions, if there are none, then they will set a trial date. I forgot to ask if he had to appear. 913-735-2200 Clerk's Office (hit zero from the get-go) Anthony Renfrow Case 2:12-cr-20041-cm filed 4-18-12..... I just called the clerk back and ask if he had to be there, she was not sure, but felt that all had to appear before the judge.

10/22/2013 We had to sensor this email "How can you keep posting TNT TONYS complete B_LL S__T ? Really he is nothing but full of lies and total b__s__ period . He is also in trouble with the law LIES" RS

In [Chat](#): "Tony is a l--r....he is a criminal facing jail time. He has not been right since he "proclaimed" with a guarantee that it RV'd in April of 2011" SW



We can't leave his brother (**Ray Renfrow**) out of this **scam**:

The Federal court has permanently barred Raymond A. Renfrow of Elm City, N.C., from preparing federal income tax returns for others, since 2011.... which also stops Renfrow from promoting a tax fraud scheme that used sham trusts to falsely deduct customers' non-deductible personal expenses. The court found that Renfrow prepared tax returns for customers that have caused an estimated loss to the U.S. Treasury of more than \$1.4 million.

The court said that Renfrow's false tax returns were based on three tax schemes he promoted for Concept Marketing International (CMI), a company that operated a multi-level marketing scheme involving the sale of American Eagle silver coins. The court stated that the tax schemes falsely purported to enable participants to take tax deductions for the cost of coins they bought, to deduct non-deductible personal living expenses, and to use **sham trusts** to exempt income and assets from taxation.

COMPLAINT FOR PERMANENT INJUNCTION AND OTHER RAYMOND A. RENFROW, EQUITABLE RELIEF individually and d/b/a IDEAL TAX SERVICES and FIRST CLASS LIMOUSINE / Renfrow's **Fraudulent** Trust Promotion and Return Preparation. Renfrow's Participation in the Concept Marketing International Tax-Fraud Scheme

www.justice.gov/tax/Renfrow_Compl.pdf

www.justice.gov/tax/RRenfrow_Memo_and_Recommend.pdf

[ORDER AND PERMANENT INJUNCTION](#)

www.justice.gov/tax/txdv09219.htm

Since July 2013 or earlier Tony said he "knows people 1 person remove that have cashed in."

Nov 2013 Tony said "It has RV-ed in Iraq \$3.44 rate" Again Really? LOL

12/4/2013 Tony & DC said "The RV will happen in less than 36 hrs"

12/6/2013 Tony & DC said "5,000 - 10,000 VIP's in the USA have cashed out they started 2-3 days ago our day is sometime TODAY" The FACT is Tony said months ago that VIP's have cashed out, but now he said they started 2-3 days ago -????? DC said "Iraq got paid in Revalued Dinar at \$3.44"... Tony says he talks to IMF & UST side. A month ago t said he "talks to the CIA everyday". Really??? people with intelligence and or street smarts find that very hard to believe.

We wish you where right tony but the fact is you have been wrong since April 2011. Nuff said... LOL

Found on Dinar Updates / BGG: Courtesy of DU Member (from an e-mail fwd to us)

BREAKING NEWS!! Dinar Recaps forms Strategic Alliance with Federal Fraudsters Tony and Ray Renfrow (TNT Dinar)

Tony Refrow (TNT Dinar/Turbo Tony) and Ray Renfrow (RayRen98) both facing Federal Charges as well as ongoing Federal Investigations into additional charges relating to intentional investment misinformation/fraud "for gain", continue their fraudulent activities with the aid of Internet Report "Dinar Recaps LLC".

The current Federal charges against Tony Renfrow date back to investment schemes for which he has been formally charged in 2012 (see notations). Additional claims relating to current activities are under investigation as well. Additional filings are imminent.

Ray Renfrow (RayRen98) is also currently under Federal indictment relating to Investment, Tax and Trust Fraud - and is currently ordered in a Federal injunction to not further solicit, induce or advise clients in such matters. However, during numerous TNT Dinar Conference Calls the two are actively violating such protection orders with the advertising and support of the Internet Report "Dinar Recaps LLC".

The aforementioned "Strategic Alliance" appears to have been entered with the full knowledge and affirmation of the Internet Report "Dinar Recaps LLC".

See notations

www.docketalarm.com/cases/Kansas_District_Court/2--12-cr-20041/USA_v_Renfrow_et_al

www.justice.gov/tax/RRenfrow_Memo_and_Recommend.pdf

www.leagle.com/xmlResult.aspx?xmlDoc=20091289612avfsupp2d677_11242.xml&docbase=CS_LWAR3-2007-CURR

<http://tnttony.blogspot.com>

Terry K (TK) The Get Team is full of lies. >> TK say he has 90,000 callers on the GET Team call, that is impossible, since they use freeconferencecallhd.com which holds 1000 callers max and very few people ask questions (Maybe 900 more like 90 callers) perhaps he mistakenly adds some zeroes? Any idea?

If he is misinformed about his own call #'s then his other info is most likely incorrect as well. I wouldn't think he would just flat out lie about things?

It is easy to confirm facts like this from the "gurus". Lets keep it real peeps!

[Blaino Exposed Click here](#)

[Top](#)

By Jonathan Stempel

NEW YORK (Reuters) - [JPMorgan Chase & Co](#) has become the first bank to settle a U.S. antitrust lawsuit in which investors accused 12 major banks of rigging prices in the \$5 trillion-a-day foreign exchange market.

The settlement was disclosed in a letter filed on Monday with the U.S. District Court in Manhattan from lawyers for JPMorgan, the largest U.S. bank, and investors. Terms were not revealed. Settlement papers are to be filed with the court this month.

The accord requires court approval, and was reached after mediation with Kenneth Feinberg, who also oversees a [General Motors Co](#) program to compensate drivers whose vehicles had faulty ignition switches.

The 2013 lawsuit is separate from criminal and civil probes worldwide into whether banks rigged currency rates to boost profit at the expense of customers and investors. JPMorgan was among six banks that in November reached \$4.3 billion of settlements with U.S. and European regulators.

In their complaint, investors including the city of Philadelphia, hedge funds and public pension funds accused the 12 banks of having conspired since January 2003 in chat rooms, instant messages and emails to manipulate the WM/Reuters Closing Spot Rates.

They said traders would use such names as The Cartel, The Bandits' Club and The Mafia to swap confidential orders, and set prices through manipulative tactics such as "front running," "banging the close" and "painting the screen."

Other defendants include [Bank of America Corp](#), [Barclays](#) Plc, BNP Paribas SA, [Citigroup Inc](#), Credit Suisse Group AG, [Deutsche Bank AG](#), [Goldman Sachs](#)

[Group Inc](#), [HSBC Holdings Plc](#), [Morgan Stanley](#), [Royal Bank of Scotland Group Plc](#) and UBS AG.

According to the lawsuit, the 12 banks held an 84 percent global market share in currency trading, and were counterparties in 98 percent of U.S. spot volume.

"The settlement is a responsible step by Chase in addressing its involvement," Michael Hausfeld, a lawyer for the investors, said in a phone interview. "It is a beginning with respect to the accountability of other banks engaged in the same trading."

JPMorgan spokesman Brian Marchiony confirmed the settlement but declined further comment.

Representatives for the other 11 banks declined to comment or did not immediately respond to requests for comment. Bank of America, Citigroup, HSBC, RBS and UBS also settled with regulators in November.

JP Morgan Chase & Co sign outside headquarters in New York" alt="© Reuters. JP Morgan Chase & Co sign outside headquarters in New York" rel="external-image">

The case is In re: Foreign Exchange Benchmark Rates Antitrust Litigation, U.S. District Court, Southern District of New York, No. 13-07789.

(Reporting by Jonathan Stempel in New York; Editing by Meredith Mazzilli and Grant McCool)

<http://www.investing.com/news/stock-market-news/jpmorgan-settles-forex-price-rigging-lawsuit:-letter-322121>

http://www.institutionalinvestorsecuritiesblog.com/financial_firms/jp_morgan_chase/

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NOVEMBER 15, 2014

[\\$13B JPMorgan Chase Mortgage Settlement Was Not Sufficient, Says Whistleblower](#)

According to Alayne Fleischmann, the whistleblower who gave the evidence which helped resident in a \$13 billion mortgage settlement from [JPMorgan Chase\(JPM\)](#) to the U.S. Department of Justice last year, that amount was not

enough. Fleischmann, a lawyer, joined the financial firm as a deal manager in 2006.

She says that not long after she started working there she noticed that about half of the loans in a multimillion-loan pool included overstated incomes. Such loans, she said, were likely at risk for default—a precarious position for both the investors and the securities. Fleischmann said that she notified management about how the bank was re-selling [subprime mortgages](#) to customers without letting them know about the risks. She also spoke about how one bank manager wanted to put in place a non-email policy so there would be no paper trail to show that the firm was aware that such activities were happening.

It was the sale of toxic sub-prime loans by JPMorgan and other US banks that incited the US housing market crisis, which eventually spurred the global financial meltdown of 2008. Repackaged loans were sold to pension funds and other institutional investors, with many buyers unaware of the high default risks involved.

Fleischman was let go from JPMorgan in early 2008. The U.S. Securities and Exchange Commission reached out to her later that year. Even though she had signed a non-disclosure agreement when leaving the firm, this did not preclude her from talking about criminal wrongdoing, including the selling of toxic sub-prime mortgage products.

Prosecutors used the information to negotiate a \$9 billion mortgage fraud settlement with JPMorgan, in addition to \$4 billion relief for homeowners that included mortgage modifications for homeowners at risk of foreclosure. Yet no criminal charges have been brought in this matter.

After signing an approximately 10-page “statements of fact, JPMorgan Chase CFO Marianne Lake spoke out, noting that despite the settlement, the firm was not admitting to having violated any laws. The settlement did not even have to pass court approval. The firm also was able to take some \$7 billion of the settlement and use it as a tax write-off.

Fleischmann, who recently outed herself as the whistleblower in a *Rolling Stone* article, believes that individuals who took part in the infringements that lead to the housing crisis should be held responsible for their crimes. According to journalist Matt Taibbi who wrote the article, she said that a number of other historical settlements with the DOJ, including those made with [Bank of America \(BAC\)](#) and [Citigroup \(C\)](#) were actually deals in which “cash for secrecy,” was the trade.

Institutional investors were the ones that suffered when they were sold toxic sub-prime mortgages instruments. Our [mortgage-backed securities fraud lawyers](#) have been working hard over the last six years to help investors recoup their losses. Contact the SSEK Partners Group today.

[The \\$9 Billion Witness: Meet JPMorgan Chase's Worst Nightmare](#), Rolling Stone, November 6, 2014

[‘Occupy made it possible’: JPMorgan whistleblower Fleischmann to Max Keiser](#), RT.com, November 13, 2014

[JPMorgan settlement not enough, says whistleblower](#), CNBC, November 12, 2014

[JPMorgan agrees to \\$13 billion mortgage settlement](#), CNN, November 19, 2013

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[SEC Sanctions UBS, Charles Swab, Oppenheimer, & 10 Other Firms For Improper Sales of Puerto Rico Junk Bonds](#), Stockbroker Fraud Blog, November 3, 2014

[SEC News: Regulator Grants \\$30M Whistleblower Award and Charges Washington Investment Advisory Firm \\$600K for Undisclosed Principal Transaction, False Advertising](#), Stockbroker Fraud Blog, September 23, 2014

[T.J. Malone's Lincolnshire Management Settles with SEC for \\$2.3M Over Purportedly Improper Allocations That Cost Its Funds](#), Institutional Investor Securities Blog, September 23, 2014

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NOVEMBER 12, 2014

Citibank, JPMorgan Among Firms to Pay \$4.3B For Currency Rigging Penalties

Royal Bank of Scotland Group Plc (RBS), [UBS AG \(UBS\)](#), (HSBC), [Bank of America Corp \(BAC\)](#), HSBC Holdings Plc, [JPMorgan Chase & Co. \(JPM\)](#), and [Citigroup Inc. \(C\)](#) will pay \$4.3 billion in penalties to regulators in the United States and Europe for failing to stop traders from attempting to manipulate the foreign exchange market. Further penalties could also result not just for the banks but also for certain individuals in the wake of litigation accusing bank dealers of colluding amongst themselves to rig benchmarks that are used in determining foreign currency. According to authorities, the dealers exchange confidential data regarding client orders and worked it out so their trades would enhance profits. This information was purportedly exchanged in online chat rooms. Regulators say the misconduct occurred from 2008 through October 2013. The probe has also widened to look into whether traders used confidential information to take bets on unauthorized personal accounts and if clients were charged excessive commissions by sales desks.

The currency rigging probe has led to the firing or suspension of over 30 traders while the number of automated trade transactions have increased. In the U.S. the Federal Reserve, the Justice Department, and New York's financial regulator continue to investigate banks over foreign exchange trading. Meantime, some lawyers have spoke out about how the settlement doesn't address client compensation.

The regulators involved in the currency rigging probe included The U.S. Commodity Futures Trading Commission, The U.S. Office of the Comptroller of the Currency, Switzerland's Financial Market Supervisory Authority, and Britain's Financial Conduct Authority. Here is a breakdown of the fines:

FCA is fining:

UBS \$371 million

Citibank \$358 million

RBS \$344 million

JPMorgan \$352 million

HSBC \$343 million

CFTC is fining:

Citibank \$310 million

HSBC \$275 million

JPMorgan \$310 million

UBS \$290 million

RBS \$290 million

The Office of the Comptroller of the Currency assessed JPMorgan, Citigroup, and Bank of America \$950 million for their practices related to forex trading. Barclays Plc (BARC) which pulled out of talks resulting in these latest settlements, is looking to arrive at a more "coordinated settlement."

Contact The SSEK Partners Group to speak with one of our securities lawyers if you suspect you were the victim of financial fraud.

[Regulators fine global banks \\$4.3 billion in currency investigation](#), Reuters, November 12, 2014

[JPMorgan, Citi Among Five Banks In \\$3.3 Billion Forex Settlement](#), Forbes, November 12, 2014

[Six Banks to Pay \\$4.3 Billion in First Wave of Currency-Rigging Penalties](#), Bloomberg, November 12, 2014

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[Two Former Merrill Lynch Brokers Contend with Unauthorized Trading Claims](#), Stockbroker Fraud Blog, November 10, 2014

[AIG Advisor Group, Securities America, LPL Financial, Cambridge, And Even Schorsch's Broker-Dealer Stops Selling His REITs](#), Institutional Investor Securities Blog, November 7, 2014
[SEC Approves Regulations Involving REIT Prices and Arbitration Fraud Intervention](#), Stockbroker Fraud Blog, October 18, 2014

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NOVEMBER 4, 2014

DOJ Launches Criminal Probe Into JPMorgan, Citigroup Foreign Exchange Business

The U.S. Department of Justice has begun a criminal probe into the foreign exchange businesses of [JPMorgan Chase \(JPM\)](#) and [Citigroup \(C\)](#). The investigations come in the wake of allegations that banks in the United States and abroad manipulated key reference rates in the foreign exchange currency markets.

On Monday, JPMorgan disclosed the criminal investigation in a regulatory filing. Noting that other regulators, including the U.S. Commodity Futures Trading Commission and UK's Financial Conduct Authority are conducting civil probes, the firm estimated that current legal proceedings could reach \$5.9 billion.

Last week, Citigroup announced that it too was facing a criminal probe over foreign currency trades and controls. The bank is also dealing with inquiries from regulators. Citigroup said it has put aside \$600 million in legal provisions over what had been budgeted for the third quarter.

In the wake of foreign exchange rigging allegations, over 25 traders from different firms have been put on leave, suspended, or fired. Regulators in the U.S. and the Financial Conduct Authority are coordinating efforts to settle some of the investigations. Other banks under investigation over possible interest rate manipulation include [UBS \(UBS\)](#), Royal Bank of Scotland (RBS), Barclays (BSC) and [Deutsche Bank \(DB\)](#).

Meantime, HSBC Holdings PLC (HSBA) reported lower-than-estimated profits for the third quarter after putting aside over \$1 billion for the probe into possible currency market rigging, as well as for customer compensation. Europe's largest bank recently took a \$550 million charge to settle claims of misconduct related to mortgage securities sales from prior to the financial crisis.

[JPMorgan facing criminal probe over currency trades](#), CNN Money, November 4, 2014

[Big Banks Brace for Penalties in Probes](#), The Wall Street Journal, October 30, 2014

[HSBC Misses Estimates, Takes \\$378 Million Currency Charge](#), Bloomberg, November 3, 2014

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[Shareholders Settle with Fannie Mae for \\$170M](#), Institutional Investor Securities blog, October 30, 2014

[Ex-LPL Financial Adviser, James Bashaw from Texas, Lands at New Brokerage Firm](#), Stockbroker Fraud Blog, October 30, 2014

[Fidelity Investments Settles Class Action Lawsuits Over 401\(K\) Plan for \\$12 million](#), Stockbroker Fraud Blog, September 5, 2014

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OCTOBER 27, 2014

European Commission Takes Action Against JPMorgan, UBS, RBS & Credit Swiss for Cartel Conduct

The European Commission has found that Royal Bank of Scotland (RBS), [JPMorgan \(JPM\)](#), [UBS AG \(UBS\)](#) and [Credit Suisse \(CS\)](#) engaged in cartel behavior. Except for RBS, which received immunity from having to pay any fines by disclosing the cartel conduct, the other banks were fined \$120 million for their activities. For cooperating, UBS and JPMorgan received fine reductions. Along with Credit Suisse, both banks got a 10% reduction for consenting to settle.

All four financial institutions are accused of running a cartel involving bid-ask spreads of Swiss franc interest-rate derivatives in the European Economic Area. Banks and companies typically use interest rate derivatives to manage interest rate fluctuation risks. A "bid-ask spread" is the difference between how much a market maker is willing to sell and purchase a product.

According to the European Commission, between May and September '07, the four banks agreed to quote to third parties wider fixed bid-ask spreads on certain short-term, over-the-counter Swiss franc interest rate derivatives while keeping narrower spreads for trades between them. The purpose was to reduce their transaction costs and keep liquidity among themselves, as well as keep other market makers from competing on equal terms in the Swiss franc derivatives market. In one action, JPMorgan Chase (JPM) was fined €61.7 million euros for purportedly manipulating the Swiss franc Libor benchmark interest rate in an illegal cartel with RBS, which, again, had immunity from fees.

The [SSEK Partners Group](#) is a securities fraud law firm.

[EU fines JPMorgan, UBS, Credit Suisse for taking part in cartels](#), Reuters, October 21, 2014

[Commission settles RBS-JPMorgan cartel in derivatives based on Swiss franc LIBOR](#), Europa.eu, October 24, 2014

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[SEC to Reject BlackRock Inc. Proposal for Nontransparent Exchange-Traded Fund](#), Institutional Investor Securities Blog, October 23, 2014

[SEC To Examine Exchange Traded-Fund Regulation Again](#), Stockbroker Fraud Blog, March 22, 2014

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OCTOBER 17, 2014

Pension Fund Securities Lawsuits: JPMorgan to Face MBS Case, PERSM Files Class Action Case, & Institutional Clients Can Sue BP

JPMorgan Ordered to Face \$10B Mortgage-Backed Securities Case

A federal judge said that [JPMorgan Chase & Co. \(JPM\)](#) must face a class action securities fraud lawsuit filed by investors accusing the bank of misleading them about the risks involved in \$10B of mortgage-backed securities that they purchased from the firm prior to the financial crisis.

U.S. District Judge Paul Oetken certified a class action as to the bank's liability but not for damages. He said it wasn't clear how investors were able to value the certificates they purchased considering that the market hadn't been especially liquid. He did, however, say that the plaintiffs could attempt again to seek class certification on class damages.

The class in this securities case is made up of investors in certificates from nine trusts established by JPMorgan for an April 2007 offering. The lead plaintiffs are the Construction Laborers Pension Trust for Southern California and the Laborers Pension Trust Fund for Northern California.

Mississippi Pension Fund Files Class Action Securities Case

The Public Employees' Retirement System of Mississippi is helming a class action securities case accusing Millennial Media Inc. that alleges Securities Exchange Act of 1934 violations. PERSM contends that Millennial Media and a number of other entities, including [Oppenheimer & Co. \(OPY\)](#), [Morgan Stanley & Co. \(MS\)](#), Stifel Nicolaus & Company (SF), [Goldman Sachs & Co. \(GS\)](#), Allen & Company LLC, and Barclays Capital Inc. (BARC) concealed information that didn't reflect well on Millennial. The pension group says that once the data became public, the company's stock fell.

Millennial Media started its initial public offering on March 28, 2012, selling, along with certain shareholders, over 11.7 million shares to make aggregate gross proceeds of over \$152 million. With a second stock offering six months latter, Millennial and its shareholders made aggregate gross proceeds greater than \$162 million from another 11.5 million shares.

The plaintiffs believe that the defendants made misleading and materially false statements and omissions that caused Millennial's common stock to be offered and traded at artificially high prices during the class period. When the truth about the company's operations and prospects became clear, Millennial's common stock dropped 86.56 percent from its high price during the class period, causing significant damages and losses to plaintiffs and other class members.

Institutional Clients can Sue BP for Investment Losses

Earlier this month the U.S. District Court for the Southern District of Texas put out a number of rulings allowing certain institutional clients to pursue securities claims against British Petroleum (BP). The plaintiffs want to get back their investment losses stemming from the Gulf of Mexico oil spill in 2010.

Included among the plaintiffs are U.S. public pension funds, ERISA trusts, limited partnerships, and private and public pension funds in other countries. They claim that BP misrepresented not just its commitment to putting into effect safety reforms in the years leading up to spill but also the extent of the spill when it happened. They want to get back the losses they sustained in BP American Depository Shares and common stock shares from January '07 through June '10.

[JP Morgan Is About To Face An Enormous Class Action Lawsuit By Investors](#), Business Insider/Reuters, September 30, 2014

[Class action lawsuit alleges Millennial Media misled shareholders](#), BizJournals, October 1, 2014

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[DOJ Charges Another Two Ex-Rabobank Traders Over Libor Manipulation](#), Institutional Investor Securities Blog, October 16, 2014

[JPMorgan Will Pay \\$614M to US Government Over Mortgage Fraud Lawsuit](#), Stockbroker Fraud Blog, February 8, 2014

[Ex-Ameriprise Adviser Pleads Guilty To Nearly \\$1M Fraud](#), Stockbroker Fraud Blog, October 17, 2014

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OCTOBER 11, 2014

Credit Suisse, Goldman Sachs, JPMorgan, and 16 Other Banks Agree to Swaps Contract Modifications to Assist Failed Firms

[JPMorgan Chase & Co. \(JPM\)](#), [HSBC Holdings Plc \(HSBA\)](#), [Goldman Sachs Group Inc. \(GS\)](#), [Credit Suisse \(CS\)](#), and fourteen other big banks have agreed to changes that will be made to swaps contracts. The modifications are designed to assist in the unwinding of firms that have failed.

Under the plan, which was announced by the International Swaps and Derivatives Association, banks' counterparties that are in resolution proceedings will postpone contract termination rights and collateral demands. According to ISDA CEO Scott O'Malia, the industry initiative seeks to deal with the too-big-to-fail issue while lowering systemic risks.

Regulators have pressed for a pause in swaps collateral collection. They believe this could allow banks the time they need to recapitalize and prevent the panic that ensued after Lehman Brothers Holdings Inc. failed in 2008. Regulators can then move the assets of a failing firm, as well as its other obligations, into a "bridge" company so that derivatives contracts won't need to be unwound and asset sales won't have to be conducted when the company is in trouble.

Delaying when firms can terminate swaps after a company gets into trouble prevents assets from disappearing and payments from being sent out in disorderly, too swift fashion as a bank is dismantled.

After Lehman's bankruptcy filing, it still had tens of thousands of individual derivative positions. Trading partners tried to close out swaps trades with the firm right away, even demanding their collateral back. Because of this, billions of dollars of swap-termination payments were issued.

Current U.S. bankruptcy laws exempt swaps and other derivatives from the stay that prevents creditors of a firm that has failed from collecting on what they are owed right away. Banks' swap counterparties, however, have been able to move fast to grab collateral.

ISDA has changed the language in a standard swaps contract following concerns from U.S. regulators that close-out derivatives transactions could slow resolution efforts. The changes allow banks to get involved in overseas resolution regimes that might only have been applicable to domestic trades.

The deal with the banks stretches out delays or stays to 90% of what is outstanding of notional value of derivatives. The firms have agreed in principal to wait up to 48 hours before canceling derivatives contracts and collecting payments from firms that are in trouble.

Establishing a credible plan to unwind failed banks could get rid of the impression that governments will rescue firms if they become too big too fail.

The other banks that have consented to this agreement:

- [Bank of America \(BAC\)](#)
- [UBS AG \(UBSN\)](#)
- Bank of Tokyo-Mitsubishi UFJ
- Sumitomo Mutsui Financial Group Inc.
- Societe Generale SA (GLE)
- Barclays Plc (BARC)
- Royal Bank of Scotland Group Plc
- BNP Paribas SA (BNP)
- Nomura Holdings Inc.
- [Citigroup Inc. \(C\)](#)
- Mizuho Financial Group. Inc.
- Credit Agricole SA (CA)
- [Morgan Stanley \(MS\)](#)
- [Deutsche Bank AG \(DBK\)](#)

The Wall Street Journal says that under the agreement, firms are agreeing to forfeit certain rights that exist with their current contracts.

[Banks Back Swap Contracts That Could Help Unwind Too-Big-to-Fail](#), Bloomberg, October 11, 2014

[Banks Ink Swaps Deal With U.S. Regulators](#), The Wall Street Journal, October 12, 2014

[International Swaps and Derivatives Association](#)

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[Senior Investors, and Trading in Nine Penny Stocks is Suspended](#), Stockbroker Fraud Blog, October 8, 2014

[As SEC Examines Private-Equity Consultant Salaries, Blackstone Stops Monitoring Fees](#), Institutional Investor

Securities Blog, October 8, 2014

[Private Equity Firms, Including Blackstone, Settle 'Club Deals' Case with \\$325M Settlement](#), Stockbroker Fraud Blog,

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SEPTEMBER 4, 2014

[Securities Lawsuit Accuses Deutsche Bank, JPMorgan Chase, Credit Suisse, and Other Banks of Manipulating ISDAfix](#)

The Alaska Electrical Pension Fund is suing several banks for allegedly conspiring to manipulate ISDAfix, which is the benchmark for establishing the rates for interest rate derivatives and other financial instruments in the \$710 trillion

derivatives market. The pension fund contends that the banks worked together to set the benchmark at artificial levels so that they could manipulate investor payments in the derivative. The Alaska fund says that this impacted financial instruments valued at trillions of dollars.

The defendants are:

- [Bank of America Corp. \(BAC\)](#)
- [Deutsche Bank \(DB\)](#),
- BNP Paribas SA (BNP)
- [Citigroup \(C\)](#)
- Nomura Holdings Inc. (NMR)
- [Wells Fargo & Co. \(WFC\)](#)
- [Credit Suisse \(CS\)](#)
- [JPMorgan Chase & Co. \(JPM\)](#)
- HSBC Holdings Plc. (HSBA)
- [Goldman Sachs Group \(GS\)](#)
- Royal Bank of Scotland Group Plc (RBS)
- Barclays Plc (BARC)
- [UBS AG \(UBS\)](#)

The banks are accused of using electronic chat rooms and other private means to communicate and colluding with one another by submitting the same rate quotes. The manipulation was allegedly intended to keep the ISDAfix rate “artificially low” until they would reverse its direction once the reference point was established.

The Alaska fund said the rigging was an attempt by the banks to make money on swaptions with clients looking to hedge against interest rate fluctuations. The defendants purportedly wanted to modify the swaps’ value because the ISDAfix rate determines other derivatives’ prices, which are used by firms, such as the fund. The rigging allegedly occurred via rapid trades just before the rate was established. ICAP, a British broker-dealer, was then compelled to delay the trades until the banks shifted the rate. Meantime, the brokerage firm, which is also a defendant in this lawsuit, would post a rate that did not accurately show the market activity.

The Alaska fund is adamant that the submission of identical numbers by the banks when they reported price quotes to establish ISDAfix could not have occurred without the financial institutions working together, which it believes occurred almost daily for over three years through 2012. It wants to represent every investor that participated in interest rate derivative transactions linked to ISDAfix between 01/06 through 01/14. The Alaska fund wants unspecified damages, which, under U.S. antitrust law, could be tripled.

Investors and companies utilize ISDAfix to price structured debt securities, commercial real estate mortgages, and other swap transactions. At The SSEK Partners Group, our [securities lawyers](#) represent pension funds and other institutional investors that have been the victim of financial fraud and are seeking to recoup their losses. Your case consultation with us is a free, no obligation session. We can help you determine whether you have grounds for a securities claim or lawsuit. If we decide to work together, legal fees would only come from any financial recovery.

[An Alaska pension fund sues banks over rate manipulation allegations](#), Reuters, September 4, 2014

[Barclays, BofA, Citigroup Sued for ISDAfix Manipulation](#), Bloomberg, September 4, 2014

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[Lloyds, Barclays, to Set Aside Hundreds of Millions of Dollars for Allegedly Mis-Selling to Victims](#), Stockbroker Fraud Blog, August 27, 2013

[Texas Money Manager Sued by SEC and CFTC Over Alleged Forex Trading Scam](#), Stockbroker Fraud Blog, August 6, 2013

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Tags: [ISDAfix](#)

AUGUST 29, 2014

J.P. Morgan Targeted in Possible Cyber Attack

[J.P. Morgan Chase & Co. \(JPM\)](#) and up to four other banks were the victims of a possible cyber attack. According to the media, the financial institution is working with law enforcement authorities to figure out what happened.

Reuters reports that sources say the firm began its own probe after malicious software was found in its network, which indicates there had likely been a cyber attack. The Federal Bureau of Investigation is looking to see whether Russian hackers may have been involved. A possible motive for them could be retaliation for sanctions against Russia because of its role in the Ukraine military conflict. It is not unusual for Russian organized crime to target big financial institutions. Also looking into the matter is the U.S. Secret Service.

According to the *Wall Street Journal*, the hackers appear to have gotten in through the personal computer of employee and penetrated the bank's inner systems. Gigabytes of customer and employee data may have been targeted. Authorities are trying to determine whether any data that might have been stolen has been used to move funds.

It was JPMorgan's office in Hong Kong that was reportedly infected with the Zeus Trojan horse malware earlier this summer. The malware is capable of stealing banking credentials. Another of its offices, this one in India, was infected with the Salty malware, which can compromise Web servers and nab information. One bank that was hacked was reportedly targeted with "Zero-day," a software flaw that makes it easy for hackers to take control of a computer via remote.

Banks have a duty to disclose when customer data has been breached. Often, companies can't immediately tell what has been stolen or who was impacted. Should a theft arise as a result of a data breach, consumers have greater protections than corporations.

Unfortunately, cyber security has been a worry for large banks in the last last few years. In 2012, Iranian hackers targeted JPMorgan, [Wells Fargo & Co. Inc. \(WFC\)](#), PNC Financial Services Corp. (PNC), and U.S. Bancorp (USB) a distributed denial of service threats (DDoS) cyber attack. DDoS involves kicking websites offline by sending useless traffic to them.

In his latest yearly shareholder letter, JPMorgan CEO and Chairman James Dimon said that by the end of the year the firm would have spent over \$250 million annually. He estimates that the firm will have had 1,000 people working on cyber security. Dimon cited the increase in cyber attacks globally as a reason for the heightened efforts.

Cyber crooks have also lately been targeting high-net worth individuals who have substantial accounts and other holdings. Brokerage firms, registered investment advisers, and wealth management companies are also under risk of cyber attacks.

[Cybersecurity threats to financial firms on the upswing in 2014](#), InvestmentNews, January 10, 2014

[FBI Probes Possible Hacking Incident at J.P. Morgan](#), Wall Street Journal, August 28, 2014

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[JP Morgan VP Barred from Securities Industry By FINRA for Insider Trading Scam](#), Stockbroker Fraud Blog, January 25, 2014

[Christ Church Cathedral Sues JPMorgan Chase Over Proprietary Product Sales](#), Institutional Investor Securities Blog, August 13, 2014

AUGUST 13, 2014

Christ Church Cathedral Sues JPMorgan Chase Over Proprietary Product Sales

Christ Church Cathedral in Indiana is suing [JPMorgan Chase & Co. \(JPM\)](#) According to church leaders, the bank made [inappropriate recommendations](#), causing \$13 million in losses. They're accusing JPMorgan of advising that the church invest in proprietary funds that were underperforming.

The church filed its securities fraud lawsuit in the U.S. District Court in Indianapolis. According to the complaint, the firm inappropriately guided the church into 177 investment products that gave the firm high revenues. *InvestmentNews* reports that the church said the proprietary products made up at least 68% of its investment portfolio.

The plaintiff contends that the private equity and hedge funds, cash sweep accounts, managed accounts, and mutual funds it invested in between 2004 and 2013 were bound to perform poorly, especially with all the associated fees and expenses. The church said that last year, its assets declined from \$31.6 million to \$19.2 million, while JPMorgan made millions from cross-selling investment products.

The Episcopalian institution is accusing the bank of breaching its fiduciary duty. It wants compensatory and punitive damages.

The U.S. Securities and Exchange Commission recently started looking into possible conflicts of interest involving JPMorgan and the firm's sale of certain investments to individual clients. This inquiry is reportedly not public. *The Wall Street Journal* reported that the Office of the Comptroller of the Currency had been conducting a similar probe of the firm. The newspaper says that this investigation was one of the reasons the bank modified the way it discloses to investors the difference between outside offerings and its products. JPMorgan also now notifies them regarding how much of their monies are in each.

In May, the bank said in a disclosure to clients that it prefers its own funds unless they believe that third-party managers can provide portfolio construction benefits that are "substantially differentiated." The document was reviewed by *The WSJ*. The firm admitted that the bank gets "more overall fees" when internal strategies are used. Private bank employees are notified about "investment priorities" that the firm would like to sell.

Banks can take in more of the fees if clients invest in their own products. Sometimes, offering their own investment vehicles allows them to provide performance that is better than average. Doing so can also be less costly for customers.

[Amid SEC probe, church sues J.P. Morgan over asset mismanagement](#), Fortune.com, August 13, 2014

[J.P. Morgan Faces More Questions on Conflicts of Interest](#), The Wall Street Journal, August 8, 2014

[JPMorgan's fund choices for its clients said to be under regulatory review](#), InvestmentNews, August 11, 2014

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[JP Morgan VP Barred from Securities Industry By FINRA for Insider Trading Scam](#), Stockbroker Fraud Blog, January 25, 2014

[JPMorgan to Pay \\$920M to Settle London Whale Debacle & \\$80M Over Credit-Card Practice Allegations](#), Institutional Investor Securities Blog, September 19, 2013

JULY 28, 2014

JPMorgan Expands Disclosures for Private-Banking Clients

According to The Wall Street Journal, J.P. Morgan Chase (JPM) is now articulating more clearly the difference between outside products and its own offerings to private-banking clients, as well as letting them know how much of their monies have gone to each. These more detailed explanations come, say the newspaper's sources, in the wake of recent questioning by regulators on whether the firm was pushing its own products over others.

The Office of the Comptroller of the Currency and the U.S. Securities Exchange Commission has been monitoring whether brokers are selling the products that are right for a client or directing a customer to the ones that would make a broker-dealer the most money.

Individuals that belong to J.P. Morgan's private-banking division have at least \$10 million in investible assets, reports The Wall Street Journal. The firm has been criticized before for favoring its own funds. It even paid \$384 million to American Century Investments in an arbitration case a few years ago for promoting J.P. Morgan funds over the latter's funds.

In this current probe by the OCC, no formal complaint was made and the regulator did not insist on any changes. J.P. Morgan chose to expand its disclosures of its own accord.

The current wealth-management mode has drawn some criticism by those who worry that giving employees incentive to sell the firm's own products would inevitably compel them to push these offerings to garner more money for a brokerage firm and the broker. Currently, brokers do not have a duty to only recommend products that are in the clients' best interests. However, the U.S. Labor Department and the SEC are considering putting fiduciary standards into place for this.

The SSEK Partners Group represents high-net worth individuals and institutional investors in getting their securities fraud losses back.

[J.P. Morgan Questioned for Conflicts of Interest](#), The Wall Street Journal, July 27, 2014

More Blog Posts:

[JPMorgan Will Pay \\$614M to US Government Over Mortgage Fraud Lawsuit](#), Stockbroker Fraud Blog, February 8, 2014

[JP Morgan VP Barred from Securities Industry By FINRA for Insider Trading Scam](#), Stockbroker Fraud Blog, January 25, 2014

[JPMorgan to Pay \\$920M to Settle London Whale Debacle & \\$80M Over Credit-Card Practice Allegations](#), Institutional Investor Securities Blog, September 19, 2013

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JUNE 13, 2014

JPMorgan Investment Management's Shareholders Claim The Firm Charged Excessive Mutual Fund Fees

In the US Southern District of Ohio, Eastern Division, [JP Morgan \(JPM\) Investment Management](#) shareholders are claiming that the firm charged them [excessive fees](#) in three of its funds:

- JP Morgan Core Bond Fund
- JP Morgan Short Duration Bond Fund
- JP Morgan High Yield Fund

The plaintiffs contend that by charging these higher fees, compared to fees that other fund companies charged, the defendant got up to \$108 million more in fees from its management company than if there was no in-house relationship. This allowed JP Morgan to purportedly achieve substantial economies of scale from a growth in assets under management each year. However, contend shareholders, they did not benefit from these savings through reduced fees.

The plaintiffs are claiming fiduciary breach since a board of directors is in charge of oversight of over 160 other JP Morgan Investment funds, as well as service providers, and also the fee arrangements of these providers. The

lawsuit also contends that the defendant charged an advisory fee determined by AUM and charged more when administering its own funds as opposed to sub-advised funds. The result was a difference between proprietary and sub-advised fee schedules of about \$100 million in profits to JP Morgan.

They also say that the board did not seek competitive bidding for offering similar advisory services nor did it try to obtain a "most favored nation" provision that would have pushed for fee parity between the subadvised funds and the JP Morgan managed ones. The board is also accused of knowingly approving the higher fees.

The shareholders say that not only were they charged larger fees but also they did not get an increase in services for paying more. The plaintiffs want these fees back, as well as lost profits and other actual damages.

More Blog Posts:

[JPMorgan Will Pay \\$614M to US Government Over Mortgage Fraud Lawsuit](#), Stockbroker Fraud Blog, February 8, 2014

[JP Morgan VP Barred from Securities Industry By FINRA for Insider Trading Scam](#), Stockbroker Fraud Blog, January 25, 2014

[\\$13B MBS Fraud Settlement Between JPMorgan and the US is Under Dispute in New Securities Lawsuit](#), Institutional Investor Securities Blog, February 10, 2014

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MAY 31, 2014

Bank Fraud Cases: Wells Fargo to Pay \$62.5M Settlement Over Class Action Lawsuit & City of Los Angeles, CA Sues JPMorgan Over Discriminatory Lending Practices

Wells Fargo Settles Securities Lending Case for \$62.5M

[Wells Fargo & Co. \(WFC\)](#) will pay \$62.5 million to settle a class action securities fraud case. A group of retirement funds claim that the bank committed fraud and breached its fiduciary duty in its securities lending program. Now, a district court judge must preliminarily approve the agreement.

Wells Fargo promoted its securities lending program to large institutional investors, including insurance companies, pension funds, and foundations. The bank would lend the clients' securities to third-party brokerage firms. For lending the securities, the bank was given cash collateral. It then invested the funds, sharing returns with the clients. The program was marketed as a means for institutional investors to make additional funds to cover the cost of having Wells Fargo maintain their investment portfolios.

The plaintiffs of this lawsuit include the Arizona State Carpenters Defined Contribution Trust Fund, the Arizona State Carpenters Pension Trust Fund's trustees, a Michigan pension fund, and the City of Farmington Hills Employees Retirement System.

According to the plaintiffs, Wells Fargo told them its securities lending program was a conservative vehicle that would allow them to make extra money. However, between 2005 and 2008, the bank's managers made risky bets on complex illiquid investments. This included placing the retirement funds' money in hedge fund-run structure investment vehicles and subprime mortgage pools. When the financial crisis happened, a lot of the deals turned toxic or failed.

By settling this latest securities lending case, Wells Fargo is not denying or admitting to any wrongdoing. Meantime, there are other lawsuits over the lending program that are still pending.

While the bank won one of the cases in court last year, a jury that presided over another lawsuit awarded the plaintiffs, a group of charitable foundations in Minnesota, \$57 million.

City of Los Angeles, CA Sues JPMorgan for Predatory Lending

Los Angeles, CA is suing [JPMorgan Chase & Co. \(JPM\)](#). The city says that the bank took part in mortgage lending practices that were discriminatory. The practices helped to raise the foreclosure rates among minority borrowers in the city.

According to the predatory lending lawsuit, JPMorgan's ongoing mortgage discrimination practice went on in L.A. for years, since at least 2004. Alleged practices included reverse headlining—this involves placing borrowers in minority neighborhoods in loans that are out of their budget because of their ethnicity or race—and redlining—when a minority borrower's credit is denied even when others were approved under the same terms.

The city of L.A. wants punitive and compensatory damages. It also has filed similar lawsuits against Wells Fargo, [Citigroup \(C\)](#), and [Bank of America Corp. \(BAC\)](#). This week, Wells Fargo lost in its efforts to get that lawsuit dismissed.

[Wells Fargo will pay \\$62.5 million to settle suit over securities lending](#), StarTribune, May 31, 2014

[Los Angeles sues JPMorgan, alleges discriminatory lending](#), Reuters, May 30, 2014

[Wells Fargo to pay \\$62.5 million to settle securities lending lawsuit](#), The Boston Journal, May 30, 2014

More Blog Posts:

[Wells Fargo Must Face Los Angeles's Lawsuit Over Predatory Loans](#), Stockbroker Fraud Blog, May 30, 2014

[FINRA Arbitration Panel Says Wells Fargo Must Repurchase \\$94M of Auction-Rate Securities from Investors](#), Stockbroker Fraud Blog, December 29, 2013

[JPMorgan Will Pay \\$614M to US Government Over Mortgage Fraud Lawsuit](#), Stockbroker Fraud Blog, February 8, 2014

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FEBRUARY 10, 2014

\$13B MBS Fraud Settlement Between JPMorgan and the US is Under Dispute in New Securities Lawsuit

Better Markets, a non-profit group, is suing the US Department of Justice to block the \$13 billion [mortgage-backed securities](#) settlement reached between the federal government and [JP Morgan Chase \(JPM\)](#). The group wants the deal to undergo judicial review.

The settlement resolves DOJ mortgage bond claims with a \$2 billion civil penalty and includes \$4 billion of consumer relief, another \$4 billion to settle claims related to Freddie Mac and Fannie Mae, and another \$1.4 billion to settle a National Credit Union Administration-instigated securities case. JPMorgan sold the mortgage bonds in question in the years heading into the housing market collapse. The loans that were involved lost value or defaulted when the bubble burst.

As part of the agreement, the firm acknowledged that it made "serious misrepresentations" about the MBS to investors. While the deal doesn't release bank from criminal liability, it grants civil immunity for its purported actions. Now, Better Markets, which describes itself as a "Wall Street" watchdog, is saying that the record settlement between the US government and JP Morgan was "unlawful" because a court did not review the deal.

According to Better Markets CEO Dennis Kelleher, the DOJ served as "investigator, prosecutor, judge, juror, sentencer and collector" when negotiating the securities settlement and he wonders whether the payment is sufficient to offset the harm suffered by the economy. His group also claims that the government agency and U.S. Attorney General Eric Holder have a "conflict of interest" and are using the \$13 billion deal to repair their "reputations."

In other JPMorgan-related news, the Securities and Exchange Commission says two of the bank's former traders that are accused of concealing over \$2 billion in losses involving wrong-way derivatives bets don't have the right to see evidence gathered by the government because they are fugitives. Julien Grout and Javier Martin-Artajo have yet to show up in this country to face civil and criminal claims and should therefore not be granted evidence or be able to question witnesses in the regulator's case. Martin-Artajo, who oversaw the synthetic portfolio's trading strategy, now resides in Spain. Grout, who worked under him as a trader, now lives in France.

The office of Manhattan U.S. Attorney Preet Bharara is accusing the two men of securities fraud related to trades by Bruno Iksil, who was central to the London Whale debacle. The SEC says the ex-JPMorgan employees sought to improve portfolio performance to gain approval at work.

At the [SSEK Partners Group](#), our [mortgage-backed securities lawyers](#) represent high net worth clients and institutional investors. Your initial case assessment is a no obligation, free consultation.

[Feds sued over \\$13B deal with JPMorgan Chase](#), CBS News, February 10, 2014

[Ex-JPMorgan Traders Not Entitled to Evidence, SEC Says](#), Bloomberg, February 10, 2014

[Better Markets Inc. v. U.S. Department of Justice](#)

[JPMorgan agrees to \\$13 billion mortgage settlement](#), CNN, November 19, 2013

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[JPMorgan Will Pay \\$614M to US Government Over Mortgage Fraud Lawsuit](#), Stockbroker Fraud Blog, February 8, 2014

[FDIC Sued by JPMorgan Chase in \\$1B Securities Case Involving Washington Mutual Purchase & Mortgage-Backed Securities](#), Institutional Investor Securities Blog, December 23, 2013

[J.P. Morgan's \\$13B Residential Mortgage-Backed Securities Deal with the DOJ Stumbles Into Obstacles](#), Stockbroker Fraud Blog, October 28, 2013

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DECEMBER 24, 2013

Deutsche Bank, Royal Bank of Scotland Settle & Others for More than \$2.3B with European Union Over Interbank Offered Rates

[Deutsche Bank \(DB\)](#) has announced that as part of a collective settlement, it will pay \$992,329,000 to settle investigations involving interbank offered rates, including probes into the trading of Euro interest rate derivatives and interest rate derivatives for the Yen.

Also paying fines as part of the collective settlement are Royal Bank of Scotland Group Plc (RBS) which will pay \$535,173,000 and Society General SA (SLE), which will pay \$610,454,000, and three others. In total, the financial firms will pay a record \$2.3 billion.

The fines are for manipulating the Euribor and the Yen London interbank offered rate. EU Competition Commissioner Joaquin Almunia said that regulators would continue to look into other cases linked to currency trading and Libor. Also related to these probes, [Citigroup \(C\)](#) has been fined \$95,811,100, while [JPMorgan \(JPM\)](#) is paying \$108M. Because of Citigroup's cooperation into this matter, it avoided paying an additional \$74.6 million. The two firms reportedly admitted that they were part of the Yen Libor financial derivatives cartel.

Almunia said that transcripts of Internet conversations exist documenting collusion between traders. According to *Bloomberg News*, which obtained excerpts of charts that the EU used in its investigation, one trader usually requested that a few banks set low or high fixings for a benchmark rate. (This month, Deutsche Bank barred multi-party chat rooms at its currency trading and fixed-income outfits.)

The setting of Yen Libor and European Libor were part of attempts by financial firms to make money in the financial derivatives connected to the benchmarks. Because [UBS \(UBS\)](#) and Barclays (BARC) notified the authorities about these activities first, they were not fined in the cartel matter, although regulators had fined them previously over Libor manipulation.

The SSEK Partners Group represents institutional investors and high net worth individuals with securities claims against financial institutions, broker-dealers, investment advisers, brokers, hedge funds, mutual funds, and others. Your initial case assessment with us is free.

[Deutsche Bank reaches agreement with European Commission as part of a collective settlement on interbank offered rates](#), Deutsche Bank, December 4, 2013

[Deutsche Bank to RBS Fined by EU for Rate Rigging](#), Bloomberg, December 4, 2013

[Euribor](#)

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[Fannie Mae Sues UBS, Bank of America, Credit Suisse, JPMorgan Chase, Citigroup, & Deutsche Bank, & Others for \\$800M Over Libor](#), Institutional Investor Securities Blog, December 14, 2013

[Barclays LIBOR Manipulation Scam Places Citigroup, Credit Suisse, Deutsche Bank, JP Morgan Chase, and UBS Under The Investigation Microscope](#), Institutional Investor Securities Blog, July 16, 2012

[Former Merrill Lynch, Oppenheimer, Deutsche Bank Broker is Ordered by FINRA To Pay Investor \\$11M Over Alleged Securities Fraud](#), Stockbroker Fraud Blog, April 19, 2013

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DECEMBER 23, 2013

FDIC Sued by JPMorgan Chase in \$1B Securities Case Involving Washington Mutual Purchase & Mortgage-Backed Securities

[JPMorgan Chase \(JPM\)](#) is suing the Federal Deposit Insurance Corp. for over \$1 billion dollars related to the bank's purchase of Washington Mutual (WMIH). The financial firm said that the FDIC did not honor its duties per the purchase agreement.

When [Washington Mutual](#) suffered the biggest bank failure in our nation's history during the financial crisis in 2008, FDIC became its receiver and brokered the sale of assets. JPMorgan, which made the purchase for \$1.9 billion, says that the FDIC promised to protect or indemnify the bank from liabilities. Regulators had encouraged the firm to buy Washington Mutual hoping this would help bring back stability to the banking system.

Since then, however, contends JPMorgan, the FDIC has refused to acknowledge [mortgage-backed securities](#) claims by investors and the government against the firm. The bank says that the cases should have been made against the receivership instead. (In its lawsuit, JPMorgan says there are enough assets in the receivership to cover a settlement with mortgage companies Freddie Mac (FMCC) and Fannie Mae (FNMA) and other claims, such as a slip and fall personal injury case involving a Washington Mutual branch.) Meantime, the FDIC maintains that JPMorgan is the one who should be accountable for any liabilities from its acquisition of Washington Mutual.

Since 2008, JPMorgan has agreed to multiple MBS settlements. Investors lost millions from bundled mortgages as the housing market crumbled and they wanted their money back. Recent settlements include last month's \$13 billion deal with the Justice Department and state regulators over mortgage-linked bonds, and another \$4.5 million agreement with 21 institutional investors.

JPMorgan also says that it wants the FDIC receivership to separately take care of possible damages from the litigation brought by Deutsche Bank National Trust Company. The latter wants up to \$10 billion on behalf of over 100 trusts that have Washington Mutual-issued bonds that have performed poorly.

If you suspect you sustained losses caused by [institutional investor securities fraud](#), contact The SSEK Partners Group today.

[JPMorgan Chase Sues FDIC for More Than \\$1B](#), JPMorgan/AP, December 18, 2013

[JPMorgan sues FDIC over Washington Mutual](#), CNNMoney, December 18, 2013

More Blog Posts:

[J.P. Morgan's \\$13B Residential Mortgage-Backed Securities Deal with the DOJ Stumbles Into Obstacles](#), Stockbroker Fraud Blog, October 28, 2013

[Volcker Rule is Approved by SEC, FDIC, Federal Reserve, CFTC, and OCC](#), Institutional Investor Securities Blog, December 10, 2013

[Fannie Mae Sues UBS, Bank of America, Credit Suisse, JPMorgan Chase, Citigroup, & Deutsche Bank, & Others for \\$800M Over Libor](#), Institutional Investor Securities Blog, December 14, 2013

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Tags: [Fannie Mae](#), [FDIC](#), [Freddie Mac](#)

DECEMBER 14, 2013

Fannie Mae Sues UBS, Bank of America, Credit Suisse, JPMorgan Chase, Citigroup, & Deutsche Bank, & Others for \$800M Over Libor

[Fannie Mae](#) is suing nine banks over their alleged collusion in manipulating interest rates involving the London Interbank Offered Rate. The defendants are [Bank of America \(BAC\)](#), [JPMorgan Chase \(JPM\)](#), Credit Suisse, UBS (UBS), Deutsche Bank (DB), [Citigroup \(C\)](#), Royal Bank of Scotland, Barclays, & Rabobank. The US government controlled-mortgage company wants over \$800M in damages.

Regulators here and in Europe have been looking into claims that a lot of banks manipulated Libor and other rate benchmarks to up their profits or seem more financially fit than they actually were. In its securities fraud lawsuit, Fannie Mae contends that the defendants made representations and promises regarding Libor's legitimacy that were "false" and that this caused the mortgage company to suffer losses in mortgages, swaps, mortgage securities, and other transactions. Fannie Mae believes that its losses in interest-rate swaps alone were about \$332 million. UBS, Barclays, Rabobank, and Royal Bank of Scotland have already paid over \$3.6 billion in fines to settle with regulators and the US Department of Justice to settle similar allegations. The banks admitted that they lowballed their Libor quotes during the 2008 economic crisis so they would come off as more creditworthy and healthier. Individual traders and brokers have also been charged.

Libor

Libor is used to establish interest rates on student loans, derivatives, mortgages, credit card, car loans, and other matters and underpins hundreds of trillions of dollars in transactions. The rates are determined through a process involving banks being polled on borrowing costs in different currencies over different timeframes. Responses are then averaged to determine the rates that become the benchmark for financial products.

Also a defendant in Fannie Mae's securities case is the British Bankers' Association, which oversees the process of Libor rate creation.

Earlier this year, government-backed Freddie Mac (FMCC) sued over a dozen large banks and the British Bankers' Association also for allegedly manipulating interest rates and causing it to lose money on interest-rates swaps.

Defendants named by the government-backed home loan mortgage corporation included Bank of America, JP Morgan Chase, Citigroup, Credit Suisse, and UBS.

[Freddie Mac Sues Big Banks](#), The Wall Street Journal, March 19, 2013

[Fannie Mae Sues Banks for \\$800 Million Over Libor Rigging](#), Bloomberg, November 1, 2013

More Blog Posts:

[Sonoma County Files Securities Lawsuit Over Libor Banking Debacle](#), Institutional Investor Securities Blog, July 2, 2013

[Barclays LIBOR Manipulation Scam Places Citigroup, Credit Suisse, Deutsche Bank, JP Morgan Chase, and UBS Under The Investigation Microscope](#), Institutional Investor Securities Blog, July 16, 2012

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NOVEMBER 19, 2013

JPMorgan and the DOJ Finalize Their \$13 Billion Settlement

After months of back-and-forth, the US Justice Department and [JPMorgan Chase \(JPM\)](#) have agreed to a \$13 billion settlement. The historic deal concludes several of lawsuits and probes over failed mortgage bonds that were issued prior to the economic crisis. It also is the largest combination of damages and fines to be obtained by the federal government in a civil case with just one company. JPMorgan had initially wanted to pay just \$3 billion.

The \$13 billion deal is the largest crackdown this government had made against Wall Street over questionable mortgage practices. US Attorney General H. Eric Holder and other lead DOJ officials were involved in the settlement talks with JPMorgan CEO Jamie Dimon and other senior officials.

The settlement is over billions of dollars in [residential mortgage backed securities](#) involving not just the firm but also its Washington Mutual (WAMUQ) and [Bear Stearns \(BSC\)](#) outfits. The government claims that the RMBS were based on mortgages that were not as solid as what they were advertised to be.

As part of the agreement, JPMorgan acknowledged a statement of facts that delineated its wrongdoing and retracted its demand that prosecutors stop a related criminal probe directed at the bank. Also, the firm for the most part forfeited getting back some of the settlement from the Federal Deposit Insurance Corporation.

Of the \$13 billion, \$9 billion will pay state and federal civil lawsuit claims over residential mortgage-backed securities including:

- \$2 million as a civil penalty to the DOJ
- \$1.4 billion to resolve the National Credit Union Administration's state and federal claims
- \$4 billion for Federal Housing Finance Agency claims
- \$515 million over Federal Deposit Insurance Corp. claims
- Almost \$20 million resolves Delaware claims
- Almost \$300 million is for California claims
- Almost \$614 million resolves NY state claims
- \$100 million is for Illinois claims
- \$34 million settles claims made by Massachusetts

The rest of the settlement in the amount of \$4 billion will be in the form of programs to help homeowners that suffered harm. JPMorgan says it would pay up to \$1.7 billion to write down principal amounts of loans it held in which the borrower owes a sum greater than the value of the property.

Meantime, \$300 million to \$500 million will go to forbearance, which involves the restructuring of certain mortgages to lower monthly payments. The final \$2 billion will go to a number of measures, including absorbing whatever principal is still owed on properties that haven't foreclosed but were already vacated, as well as to new mortgage originators for certain income borrowers. JPMorgan might even use some of this money to pay for anti-blight work in beleaguered neighborhoods.

The SSEK Partners Group represents institutional investors and high net worth individual investors wishing to recoup their [RMBS fraud](#) losses. Contact our securities lawyers today.

[Justice Department, Federal and State Partners Secure Record \\$13 Billion Global Settlement with JPMorgan for Misleading Investors About Securities Containing Toxic Mortgages](#), Justice.gov, November 19, 2013
[\\$13 Billion Settlement With JPMorgan Is Announced](#), New York Times, November 19, 2013

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Stockbroker Fraud Blog, October 28, 2013

[JPMorgan to Pay \\$920M to Settle London Whale Debacle & \\$80M Over Credit-Card Practice Allegations](#), Institutional Investor Securities Blog, September 19, 2013

[California AG Files Lawsuit Against JP Morgan Chase Alleging Debt Collection Abuse Over 100,000 Credit Card Cases](#), Stockbroker Fraud Blog, May 16, 2013

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NOVEMBER 14, 2013

JPMorgan and Institutional Investors Agree to \$4.5B Mortgage-Backed Securities Settlement

JPMorgan Chase & Co. (JPM) says it will pay \$4.5 billion to investors for losses that they sustained from [mortgage-backed securities](#) that were purchased from the firm and its Bear Stearns Cos. during the economic crisis. The institutional investors include Allianz SE (AZSEY), BlackRock Inc. (BLK), Pacific Investment Management Group, MetLife Inc. (MET), Goldman Sachs Asset Management LP, Western Asset Management Co., and 16 of other known institutional entities. This is the same group that settled their MBS fraud case against [Bank of America Corp. \(BAC\)](#) for \$8.5 billion.

The \$4.5 billion will be given to 330 RMBS trusts' trustees over investments that were sold by the two financial institutions between 2005 and 2008. A number of the trustees, including Bank of New York Mellon Corp. (BK) still have to approve the agreement, as does a court.

Still, the claims related to the Washington Mutual-sold MBS have yet to be resolved.

JPMorgan believes that Federal Deposit Insurance Corp., which seized Washington Mutual and sold it to the firm, should be responsible for covering those MBS fraud claims. Meantime, the FDIC is arguing that when JPMorgan acquired Washington Mutual it also inherited its liabilities.

Also still up for resolution is Deutsche Bank National Trust Company's private securities lawsuit on behalf of over 100 trusts related bonds that were issued by JPMorgan, Washington Mutual (WAMUQ) and the FDIC. No one wants to agree on who should be liable after the bonds did badly. [Deutsche Bank \(DB\)](#), however, wants up to \$10 billion for the trusts.

This latest securities fraud settlement is separate from the tentative \$13 billion one reached between JPMorgan and the Justice Department over its mortgage practices leading up to the 2008 financial crisis. The firm also just settled with Freddie Mac (FMCC) and Fannie Mae (FNMA) for \$5.1 million over 129 securities that the two mortgage financial companies bought from it for \$33 million.

Our [RMBS fraud lawyers](#) represent institutional investors and high net worth investors. Contact The SSEK Partners Group today and ask us for your free case assessment.

[JPMorgan Reaches \\$4.5 Billion Settlement With Investors](#), NY Times, November 15, 2013

[J.P. Morgan Reaches \\$4.5 Billion Settlement With Investors](#), Wall Street Journal, November 15, 2013

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[J.P. Morgan's \\$13B Residential Mortgage-Backed Securities Deal with the DOJ Stumbles Into Obstacles](#), Stockbroker Fraud Blog, October 28, 2013

[JPMorgan's Admission to CFTC of "Reckless" Trading Could Lead to More Securities Fraud Cases](#), Institutional Investor Securities blog, November 4, 2013

[Massachusetts AG Investigates JPMorgan's Debt-Collection Practices](#), Stockbroker Fraud Blog, September 24, 2013

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NOVEMBER 4, 2013

JPMorgan's Admission to CFTC of "Reckless" Trading Could Lead to More Securities Fraud Cases

According to one brokerage executive who spoke with *Advisen*, [JPMorgan Chase & CO.'s \(JPM\)](#) admission to the Commodities Futures Trading Commission when settling securities allegations over its London Whale debacle that it engaged in "reckless" trading could get the financial firm into more legal trouble with investors.

The CFTC implied that because of certain "manipulative" actions, JPMorgan managed to sell \$7B in derivatives in one day, including \$4.6 billion in three hours. That the term "manipulate" was used could prove useful to plaintiffs (The regulator also accused the firm of using manipulative device related to credit default swaps trading, which

violated a Dodd-Frank provision prohibiting such behavior). JPMorgan will pay \$100 million to settle the securities fraud cause with the agency.

With the Securities and Exchange Commission also now seeking to obtain admission of wrongdoing from defendants in certain instances, such acknowledgments to regulators could impact firm's insurance coverage terms. Right now, standard directors and officers coverage policies exclude personal profiting, fraud, and other illegal conduct. Admissions of fraud, however, could nullify such policies.

Now, in the wake of JPMorgan's tentative \$13B [residential mortgage backed securities settlement](#) with the federal government and the possibility that the firm might take the bulk of the penalty as a tax deduction, US Representatives Luis Gutierrez (D, Ill.) and Peter Welch (D., Vt.) have introduced the "Stop Deducting Damages Act," which would prevent companies from being able to deduct from their taxes damages that they paid to the government. The two lawmakers have even written JPMorgan CEO James Dimon asking him to not take a tax deduction and agree to be responsible for the full payment. Also expected to speak out against JPMorgan taking any tax deduction on CFTC settlement are Americans for Tax Fairness and the US Public Interest Research Group.

The Wall Street Journal says that the firm's earlier \$5.1 million settlement with Freddie Mac (FMCC) and Fannie Mae (FNMA) will be completely tax deductible and could save JPMorgan close to \$1.5 billion in taxes. The firm has declined to confirm this.

Meanwhile, government authorities are continuing with certain probes into numerous business lines at some of the biggest banks in the country, as the number of investigations, settlements, and lawsuits against the latter continue to rise in numbers. For example, there are investigators who are looking into possible global foreign-exchange markets manipulation involving UBS (UBS), Credit Suisse (CS), Barclays, [Deutsche Bank \(DB\)](#), Royal Bank of Scotland (RBS), [Citigroup \(C\)](#), and JPMorgan.

Also under the microscope is [Bank of America \(BAC\)](#). The bank said that a US attorney intends to recommend that the Department of Justice file a civil RMBS lawsuit against it. The group looking into this matter is made up federal and state prosecutors. According to one source, they are also conducting similar probes into several other banks, including Citigroup, Wells Fargo (WFC), UBS (UBS), Goldman Sachs (GS), RBS, [Morgan Stanley \(MS\)](#), Credit Suisse, and Deutsche Bank.

[Democrats' Bill Would Block J.P. Morgan Settlement Deductions](#), The Wall Street Journal, November 1, 2013

[More Inquiries of Major Banks Will Be Launched](#), ProgramBusiness, November 4, 2013

[JPMorgan to pay \\$100 million to settle with CFTC on Whale trades: reports](#), Reuters, October 15, 2013

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[Massachusetts AG Investigates JPMorgan's Debt-Collection Practices](#), Stockbroker Fraud Blog, September 24, 2013
[Is JPMorgan on the Verge of Settling A \\$5.75 Billion Mortgage-Backed Securities Case Filed by BlackRock & Neuberger Berman Group?](#), Institutional Investor Securities Blog, October 29, 2013

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OCTOBER 29, 2013

Is JPMorgan on the Verge of Settling A \$5.75 Billion Mortgage-Backed Securities Case Filed by BlackRock & Neuberger Berman Group?

After its tentative \$13 billion residential mortgage-backed securities settlement with the US Department of Justice, now [JPMorgan Chase & Co \(JPM\)](#) looks like it could be getting ready to settle yet another MBS fraud case, this time with bondholders, such as Neuberger Berman Group LLC, Allianz SE's Pacific Investment Management, and BlackRock Inc. (BLK). Investors want at least \$5.75 billion dollars.

The group of over a dozen bondholders already had reached a settlement in 2011 in an \$8.5 billion mortgage-backed securities case against [Bank of America Corp \(BAC\)](#) over similar allegations. Now, the institutional investors want

restitution over bonds that JPMorgan sold—those from the firm itself and also from Washington Mutual (WAMUQ) and [Bear Stearns \(BSC\)](#).

JPMorgan has been settling a lot of securities cases lately. Its \$13B RMBS deal with the DOJ resolves a number of matters, including Federal Housing Finance Agency claims for \$4 billion. The FHFA believes that J.P. Morgan gave Fannie Mae (FNMA) and Freddie Mac (FMCC) inaccurate information about the quality of the loans they bought from the bank ahead of the decline of the economy in 2008. \$5 billion of the proposed RMBS settlement is for penalties and the remaining \$4 billion is for the relief of consumers.

As part of the deal a securities case filed by NY AG Eric Schneiderman against the firm over mortgage bonds that were packaged by Bear Stearns would be resolved. Schneiderman says that Bear Stearns misled investors about the quality of the loans backing the securities and was negligent over numerous other matters.

Also, JPMorgan has just agreed to pay the Commodity Futures Trading Commission \$100 billion to settle securities fraud claims related to the London Whale debacle that cost the bank over \$6 billion. That agreement is in addition to its deals with other US regulators and a regulator in the UK to settle similar allegations for \$920 million.

If you are an investor that has sustained losses that you believe was a result of broker negligence, contact our securities law firm today.

[REPORT: Another \\$6 Billion Settlement Looms For JP Morgan](#), Business Insider, October 23, 2013

[JP Morgan may face new \\$6bn lawsuit](#), Belfast Telegraph, October 24, 2013

More Blog Posts:

[J.P. Morgan's \\$13B Residential Mortgage-Backed Securities Deal with the DOJ Stumbles Into Obstacles](#),

Stockbroker Fraud Blog, October 28, 2013

[JPMorgan to Pay \\$920M to Settle London Whale Debacle & \\$80M Over Credit-Card Practice Allegations](#), Institutional Investor Securities Blog, September 19, 2013

[California AG Files Lawsuit Against JP Morgan Chase Alleging Debt Collection Abuse Over 100,000 Credit Card Cases](#), Stockbroker Fraud Blog, May 16, 2013

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SEPTEMBER 26, 2013

JPMorgan Considers \$11B Mortgage-Backed Securities Settlement

Now that US Attorney General Eric Holder has turned down [JPMorgan Chase's \(JPM\)](#) offer to settle criminal and civil charges related a mortgage-backed securities probe, the financial firm is looking at a settlement of possibly \$11 billion. The financial figure has gone up as talks have expanded to include additional cases with more regulators.

The MBS investigations are over [residential mortgage-backed securities \(RMBS\)](#) that JPMorgan, Washington Mutual (WAMUQ), and [Bear Stearns \(BSC\)](#) issued between 2005 and 2007. Authorities have been looking into whether JPMorgan, which the other two firms acquired during the financial crisis, misled investors of the quality of the mortgages that were backing the securities. A lot of these RMBS failed as housing prices dropped. JPMorgan says that Washington Mutual and Bear Stearns issued about 70% of these RMBS.

One possible settlement could include \$4 billion in relief to consumers and a \$7 billion penalty. However, according to sources familiar with the settlement talks, the two sides have not come close to agreeing on the figure and the amount could change.

JPMorgan wants any settlement to confirm that the investigations are done and there will be no additional liability related to the MBS. Aside from the expected fine, the US Justice Department may try to get JPMorgan to admit wrongdoing, which the latter might consent to so as to avoid criminal charges. However, sources say that even if a deal is reached, the issue of whether anyone should be criminally charged over the RMBS losses may not be

resolved.

Also part of the settlement talks is the Federal Housing Finance Agency. FHFA wants JPMorgan to pay over \$6 billion to settle claims accusing the investment bank of misleading Freddie Mac and Fannie Mae about the mortgages that they bought from the bank during the housing bubble. Meantime, NY Attorney General Eric Schneiderman, wants recovery from JPMorgan over securities that the latter bought, which were issued by Bear Stearns as that firm was failing. Schneiderman contends that investors lost \$22 billion.

It was just last year that JPMorgan settled the US Securities and Exchange Commission's MBS case for \$296.6 million. However, the bank settled without denying or admitting wrongdoing.

Last week, JPMorgan settled for \$920 million with regulators over the London "whale" trading investigations. That debacle cost the financial firm over \$6 billion last year. JPMorgan also consented to pay \$80 million for credit card practice-related claims to its sale of identity fraud protection to customers who never received these products.

The SSEK Partners Group represents high net worth individuals and institutional investors in securities arbitration, mediation, and litigation. We are here to help our clients recoup their [RMBS fraud losses](#).

[JPMorgan in talks to settle government probes for \\$11 billion: sources](#), Reuters, September 25, 2013

[JPMorgan Talks Said to See Possible \\$11 Billion Settlement](#), Bloomberg, September 26, 2013

More Blog Posts:

[JPMorgan to Pay \\$920M to Settle London Whale Debacle & \\$80M Over Credit-Card Practice Allegations](#), Institutional Investor Securities Blog, September 19, 2013

[JPMorgan Could Settle "London Whale" Fiasco for \\$800M](#), Institutional Investor Securities Blog, September 17, 2013

[California AG Files Lawsuit Against JP Morgan Chase Alleging Debt Collection Abuse Over 100,000 Credit Card Cases](#), Stockbroker Fraud Blog, May 16, 2013

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SEPTEMBER 19, 2013

JPMorgan to Pay \$920M to Settle London Whale Debacle & \$80M Over Credit-Card Practice Allegations

[JPMorgan Chase \(JPM\)](#) has agreed to pay a \$920 million fine to resolve [securities fraud](#) investigations conducted by the Federal Reserve, the Securities and Exchange Commission, the Office of the Comptroller of the Currency, and the Financial Conduct Authority in London. The probes were related to the multibillion-dollar trading losses the bank is blamed for in last year's London Whale debacle.

The regulators cited JPMorgan for "deficiencies" related to controls assessments, risk oversight, and internal financial reporting. The bank's senior management is getting the brunt of the blame for purportedly not citing concerns about the losses to the board. However, no charges have been filed in this case against any executive.

Also, the SEC was able to extract an acknowledgement from JPMorgan that it was in violation of federal securities laws over this matter. This comes in the wake of the regulator's decision to reverse its policy that previously let banks settle without having to deny or admit to having done anything wrong.

The admission could put JPMorgan at a disadvantage in any private securities lawsuits from investors who may have been hurt by the trading fiasco, during which complex derivatives were traded, including those amassed by one now former JPMorgan trader who became known as the London Whale. Traders are accused of betting on credit derivatives, which let them wager on certain companies' perceived health. Authorities say that when positions started to sour, the trades were still valued in too optimistic light, with their worth purposely inflated by traders. JPMorgan would lose \$600 billion in the debacle.

As part of this securities settlement, the bank will pay \$200 million each to the SEC, the Federal Reserve, and the Financial Conduct Authority, and \$300 million to the comptroller's office.

The settlements, issued today, revealed even more details about the bank's failures over the London Whale trades, including that trading loss were a result of accounting controls that were "woefully deficient" in the chief investment office, miscalculations on spreadsheets, the standard employed for traders' valuations were "subjective," and the group tasked with checking the estimated losses and profits of traders was comprised of just one person. Meantime, JPMorgan has yet to reach a settlement with the Commodity Futures Trading Commission, which is trying to determine whether the bank's trading [manipulated the market for the derivatives](#). However, the agency's staff is recommending that it file an enforcement action.

Also today, the Consumer Financial Protection Bureau and the comptroller's office imposed fines against the bank over credit card practices. The financial firm consented to pay \$80 million over allegations that it deceived customers with credit cards into purchasing products that were supposed to protect them from identity fraud. However, the regulators say that products, which were offered by JPMorgan Chase between '05 and 6/ '12, were never created. Already, the bank has paid about \$300 million to over 2 million customers over this matter. \$60 million of the \$80 million settlement will go to the comptroller's office while the bureau will get the remaining \$20 million. The comptroller's office also took issue with how JPMorgan gets back debt from customers, such as depending on potentially inaccurate documentation to determine how much a customer is owed.

[JPMorgan Agrees to Pay \\$920 Million in Fines Over Trading Loss](#), New York Times, September 19, 2013

[JPMorgan Chase Agrees to Pay \\$200 Million and Admits Wrongdoing to Settle SEC Charges](#), SEC, September 19, 2013

[US regulators order JPMorgan to pay \\$80M in fines, \\$309M in refunds over ID theft service](#), Fox News/AP, September 19, 2013

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[US Will Likely Arrest Two Ex-JPMorgan Chase Employees Over Trading Losses Related to the London Whale Debacle](#), Institutional Investor Securities Blog, August 10, 2013

[Police Retirement System of St. Louis Also Suing JPMorgan Chase Executives Over "London Whale" Scandal](#), Institutional Investor Securities Blog, April 25, 2013

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Posted In: [Derivatives](#) , [Financial Firms](#) , [JP Morgan Chase](#)

SEPTEMBER 17, 2013

JPMorgan Could Settle "London Whale" Fiasco for \$800M

According to a source knowledgeable about negotiations, [JPMorgan Chase & Co. \(JPM\)](#) could pay at \$800 million in penalties in the investigations conducted by regulators over the "London Whale" trading scandal. The regulators are the Federal Reserve, the Securities and Exchange Commission, the British Financial Conduct Authority, and the US Office of the Comptroller Currency. The announcement of the settlement is expected shortly.

The trading fiasco involved JPMorgan trading in [complex derivatives](#), which were amassed by a trader who was dubbed the London Whale. Traders are accused of betting on credit derivatives, which let them wager on the supposed health of certain companies. Authorities contend that when the positions began to go bad, the traders valued them in a way that was too positive. The trades would cost the financial firm over \$600 billion.

Following the debacle, the bank said that it made changes to internal controls. JPMorgan maintains that it was the one that detected the traders' questionable activities and notified the authorities.

According to those in the know, as part of the settlement with regulators, the financial firm will admit it should have detected the problem sooner and that its lax controls let traders in their London unit construct the risky position and conceal the losses. The admissions come in the wake of the SEC's recent reversal of its longtime policy that used to let all banks settle without denying or admitting to wrongdoing.

Also, JPMorgan has yet to resolve matters with the Commodity Futures Trading Commission, which is the regulator that oversees the market where the London Whale losses happened. The agency has been looking at whether the

firm amassed a position so huge that it was able to manipulate the market for derivatives and it reportedly plans to impose its own penalty later this year.

This week, a formal indictment was announced against two ex-JPMorgan employees. Prosecutors filed criminal charges against, trader Julien Grout and manager Javier Martin-Artajo last month for allegedly concealing losses from the trades by overstating their positions' value in the purported hopes that hundreds of millions of dollars in losses would go undetected. They are charged with falsifying bank records, wire fraud, and contributing to regulatory filings that were false.

However, both men are still in Europe and extraditing them could be difficult if not impossible. A third trader, Bruno Kisi, has not been charged. He is the one that was dubbed the London Whale because his wagers were so big.

However, Iksil and authorities in New York arrived at a nonprosecution deal which involves him cooperating against Grout and Martin-Artajo.

Meantime, the Federal Bureau of Investigation and federal prosecutors are still looking into the bank's losses in the London Whale fiasco.

[JPMorgan Chase Is Said to Admit Fault in Settlement of Trade Loss](#), NY Times, September 16, 2013

[U.S. indicts ex-traders in JPMorgan 'London Whale' scandal](#), Reuters, September 16, 2013

[JPMorgan could pay \\$800 million in penalties in 'London Whale' case](#), Los Angeles Times, September 16, 2013

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[Police Retirement System of St. Louis Also Suing JPMorgan Chase Executives Over "London Whale" Scandal](#), Institutional Investor Securities Blog, April 25, 2013

[California AG Files Lawsuit Against JP Morgan Chase Alleging Debt Collection Abuse Over 100,000 Credit Card Cases](#), Stockbroker Fraud Blog, May 16, 2013

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AUGUST 28, 2013

JPMorgan Found Liable in Billionaire's Subprime Mortgage Lawsuit for Over \$50M in Damages

In the State Supreme Court in Manhattan, Justice Melvin Schweitzer found [JPMorgan Chase \(JPM\)](#) liable for breach of contract when it put high-risk subprime mortgages in an account held by investor Leonard Blavatnik. Now, the financial firm must pay the Russian-American billionaire more than \$50 million in damages--\$42.5 million for the breach and 5% interest from beginning May 2008. However, JPMorgan was not found liable for negligence.

Blavatnik, who Forbes magazine says is the 44th wealthiest person in the world, filed his securities fraud case against JPMorgan in 2009. He contended that the investment bank lost over \$100 million on about a \$1 billion investment made by CMMF L.L.C., which is a fund that Access Industries, his company, created. He says JPMorgan promised him that the money would be invested conservatively but instead breached a 20% [mortgage-backed securities](#) limit when it misclassified securities that were backed by a subprime loans pool—ABS home-equity loans—as asset-backed instead of as MBSs.

Access, Blavatnik's company, claims that the bank kept holding the securities even though it knew that they were not right for the portfolio. In May 2008, CMMF shut down the account.

Judge Schweitzer found the bank liable for going beyond the cap limit while rejecting the firm's claim that it was a practice in the industry to separately classify mortgages securities and home equity loans because they don't carry the same risk. Regarding the negligence claim, he said that the mortgage securities were generally safe when they were purchased and that the financial firm behaved reasonably when it suggested CMMF wait instead of selling at such low prices.

Meantime, JPMorgan also is contenting with other investigations and lawsuits over the way it dealt with its mortgage business during the economic crisis of 2008.

Our [MBS fraud lawyers](#) represent investors throughout the US.

[Judge Rules Against JPMorgan in Suit Over Billionaire's Losses](#), The New York Times/Reuters, August 26, 2013
[Billionaire Blavatnik Wins \\$42.5 Million JPMorgan Award](#), Bloomberg, August 26, 2013

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[Liquidators of Bear Stearns Hedge Funds Sue S & P, Moody's and Fitch for \\$1.12B](#), Institutional Investor Securities Blog, August 6, 2013

[Former Jeffries Director Charged with Securities Fraud Crimes and Sued By SEC Over Alleged Residential Mortgage-Backed Securities](#), Stockbroker Fraud Blog, February 11, 2013

[UBS Fails in Bid to Block \\$125M ARS Arbitration Case by Allina Health System](#), Institutional Investor Securities Blog, February 14, 2013

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AUGUST 23, 2013

Ex-JPMorgan Traders Get Criminal Charges Over the Allegedly Fraudulently Inflating Investments' Value to Hide Massive Trading Losses

Earlier this month our securities law firm reported that the US Department of Justice was planning to bring criminal charges against Julien Grout and Javier Martin-Artajo, two ex-[JPMorgan Chase & Co. \(JPM\)](#) trading specialties. The charges, including conspiracy, wire fraud, falsification of books and records, and falsification of SEC records, now have been filed. The government contends that they conspired to conceal huge trading losses and made false statements to regulators.

According to U.S. Attorney Preet Bharara, the men purposely lied about the "fair value of billions of dollars in assets" on the firm's books to conceal massive losses that continued to grow each month. He says that the trading losses would eventually total over \$6 billion and involved credit default swaps and other synthetic derivative products. The portfolio had tripled in worth to about \$157 billion in net national positions between 2011 and 2012, and JPMorgan made about \$2 billion in profits from 2006 through 2012. But when traders began to take large derivative positions, there were big financial losses and the portfolio began to lose money—over \$185 million between January and February of 2012 alone.

The defendants are accused of inflating and manipulating the position marks' value in the portfolio to reach profit and loss objectives. They allegedly sought to conceal the actual extent of the losses. Meantime, the SEC is also naming Martin-Artajo and Grout in a securities lawsuit over related alleged misconduct.

E-mails, texts, phone call records, chat transcripts, accounting records, and other documents were used in the investigation. While JPMorgan is not a defendant in either case, it is accused of compliance deficiencies over this matter.

If you suspect that your losses are due to [securities fraud](#), do not hesitate to contact The SSEK Partners Group today.

[Securities and Exchange Commission v. Javier Martin-Artajo and Julien G. Grout](#), SEC, August 14, 2013
[Read the SEC Complaint](#) (PDF)

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[US Will Likely Arrest Two Ex-JPMorgan Chase Employees Over Trading Losses Related to the London Whale Debacle](#), Institutional Investor Securities Blog, August 10, 2013

[California AG Files Lawsuit Against JP Morgan Chase Alleging Debt Collection Abuse Over 100,000 Credit Card Cases](#), Stockbroker Fraud Blog, May 16, 2013

[Bank of America, JPMorgan Chase Among Banks Sued by Danish Pension Funds in Credit Default Swaps Lawsuit](#), Institutional Investor Securities Blog, August 15, 2013

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AUGUST 15, 2013

Bank of America, JPMorgan Chase Among Banks Sued by Danish Pension Funds in Credit Default Swaps Lawsuit

In U.S. District Court for the Northern District of Illinois, Danish pension funds (and their investment manager) Unipension Fondsmæglerelskab, MP Pension-Pensionskassen for Magistre & Psykologer, Arkitekternes Pensionskasse, and Pensionskassen for Jordbrugsakademikere & Dyrlaeger are suing 12 banks accusing them of conspiring to take charge of access and pricing in the credit derivatives markets. They are claiming antitrust violations while contending that the defendants acted unreasonably to hold back competitors in the [credit default swaps](#) market. The funds believe that the harm suffered by investors as a result was “tens of billions of dollars” worth. They want monetary damages and injunctive relief.

According to the Danish pension funds' [credit default swaps](#) case, the defendants inflated profits by taking control of intellectual property rights in the CDS market, blocking would-be exchanges' entry, and limiting client access to credit-default-swaps prices, and

This securities case comes four years after the US Justice Department acknowledged that it had begun an investigation into possible anticompetitive activities involving credit derivatives clearing, and trading (a probe that is ongoing) and just a few months after the Sheet Metal Workers Local No. 33 Cleveland District Pension Plan sued the banks, Markit, and ISDA also for allegedly taking control of the CDS market, which it says resulted in customers being overcharged some \$7 billion annually. The plaintiff contends that there may be billions of dollars in damages and it wants treble damages. Last month, it was the European Commission's turn to claim that 13 banks, ISDA, and Markit worked together to stop CDSs from being able to trade on open exchanges.

If you think you may have been the victim of securities fraud involving credit default swaps, you should speak with one of our experienced [CDS fraud lawyers](#) today.

There are over a dozen defendants in the Danish pension funds' CDS fraud case including:

- [J.P. Morgan Chase & Co. \(JPM\)](#)
- [Citigroup Inc. \(C\)](#)
- [Morgan Stanley \(MS\)](#)
- [Bank of America Corp. \(BAC\)](#)
- Credit Suisse Group AG (CS)
- [Deutsche Bank AG \(DB\)](#)
- [UBS AG \(UBS\)](#)
- Royal Bank of Scotland Group PLC (RBS)
- Goldman Sachs Group Inc. (GS)
- Markit Group Ltd, a financial data provider
- International Swaps and Derivatives Association (ISDA)

[Pensions Sue Banks Over Credit-Default Swaps](#), Wall Street Journal, July 12, 2013

[Danish funds sue banks in U.S. for blocking CDS exchange-trading](#), Reuters/Yahoo, July 12, 2013

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[Morgan Stanley Reports a Possible \\$1.7B in Mortgage-Backed Securities Losses](#), Institutional Investor Securities Blog, August 16, 2011

[8/31/11 is Deadline for Opting Out of \\$100M Oppenheimer Mutual Funds Class Action Settlement](#), Stockbroker Fraud Blog, August 17, 2011

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AUGUST 10, 2013

US Will Likely Arrest Two Ex-JPMorgan Chase Employees Over Trading Losses Related to the London Whale Debacle

The United States Government is expected to announce criminal charges against two ex-[JPMorgan Chase & Co. \(JPM\)](#) employees over allegations that they tried to cover up trading losses last year related to the London Whale fiasco. The ex-employees are Javier Martin-Artajo, the executive who was in charge of supervising the trading strategy, and Julien Grout, a trader that worked under him. Prosecutors also may impose penalties on the investment bank over this matter.

The [securities fraud allegations](#) stem from a probe into whether JPMorgan employees at its London offices tried to inflate certain trades' values on the banks' books, and charges could be filed over the falsification of documents and the mismarking of books. The criminal probe also has looked at whether the firm's London traders engaged in the type of market manipulation that let them inflate their own positions' value.

JPMorgan first revealed the losses at the London office May 2012. The trades were made by Bruno Iksil, dubbed the London Whale because of the vastness of his holdings. The bank would go on to lose over \$6.2 billion when the trades failed. Other traders also were purportedly involved. They used derivatives to bet on the health of huge corporations.

Martin-Artajo oversaw Iksil, while Grout helped the latter value his trading book. The bank fired all three men last year, while several senior executives were reassigned or left the bank. CEO Jamie Dimon suffered a 50% pay cut. Meantime, The FBI and the US Justice Department also have been investigating the trading loss, with prosecutors obtaining Iksil's help. Reuters says that Iksil will not be charged.

Also, JPMorgan is working on a deal with the SEC for the latter to end its probe into the trading loss. However, according to a source, the agreement still could include allegations of failures to supervise, execute proper controls, share information internally, and other claims, and the firm could be reprimanded and ordered to pay a fine. The New York Times is reporting that the regulator wants the firm to admit wrongdoing, which is a departure from the SEC's general "neither admit nor deny wrongdoing," policy. The Commission has been trying to hold firms and their representatives more accountable in certain cases, especially in the wake of concerns that they get off too easily when it comes to financial fraud and other wrongdoings.

All of this comes five months after a Senate subcommittee published a 301-page report accusing the bank of hiding losses, misleading investors, and fooling regulators. In Britain, the Financial Conduct Authority also intends to fine JPMorgan.

Following the London Whale scandal, the bank has reworked its controls. It also began its own probe into the trades, giving over its findings to the Senate and federal authorities.

Last year's trading loss brouhaha is not the only regulatory matter JPMorgan is dealing with. It is facing inquiries from two European countries, a state regulator, and several federal agencies here. Authorities also are looking at JPMorgan in connection with its mortgage business during the financial crisis and whether there are problems with its debt collection practices.

[U.S. Said to Plan Charges Against Ex-JPMorgan Employees](#), Bloomberg, August 12, 2013

[U.S. Said to Plan to Arrest Pair in Big Bank Loss](#), The New York Times, August 9, 2013

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[JPMorgan Chase Ordered to Remedy Risk Management Breakdowns Involving “London Whale” Trades](#), Institutional Investor Securities Blog, January 17, 2013

[Police Retirement System of St. Louis Also Suing JPMorgan Chase Executives Over “London Whale” Scandal](#), Institutional Investor Securities Blog, April 25, 2013

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JULY 9, 2013

JPMorgan Received Asset Management Conflicts Warning from OCC in 2012

According to a source with direct knowledge about the Office of Comptroller of the Currency’s findings, the agency had already warned [JPMorgan Chase \(JPM\)](#) last year that the investment bank had erred when it directed clients toward its in-house investment products.

OCC examiners found that in late 2011 JPMorgan had not complied with restrictions placed on in-house financial products sales, as well as fulfill its duties to retirement plan investors under ERISA (the Employee Retirement Income Security Act). Following these discoveries, the agencies ordered JPMorgan to pay back fees to customers.

While the issues highlighted by the OCC more than likely won’t pose much of a problem to JPMorgan—typically the US Department Of Labor resolves such violations by ordering restitution and in a confidential manner—the alleged infractions do point to what could become a problem of regulatory tension between federal regulators and JPMorgan, as the former group seeks to put to rest criticism that its poor oversight played a role in allowing the financial crisis of 2008 to happen. Now, since Thomas Curry took over as Comptroller of the Currency, OCC appears to have made it a priority to monitor the growing risks that can arise via routine bank functions, as well as from activities that could lead to “operational risks.”

JPMorgan Chase’s assets under management that are found in its proprietary mutual funds reached \$223 billion at the start of 2013, which a significant rise from \$96 billion in 2009. All assets under the bank’s purview, including retirement plans, alternate assets, and funds, have been growing for 16 quarters in a row.

Also during 2013’s first quarter, a \$31 billion gain allowed JPMorgan’s client assets to hit \$2.1 trillion. Unlike other asset managers, the bank conducts securities underwriting, commercial banking, and money management on such a big scale and in such an interlinked fashion that, per guidelines in the OCC’s exam handbook, such actions merit more regulatory examination.

Regulators & ERISA Assets

Because ERISA assets are some of the most legally protected, there is a greater chance that regulators will pay attention to them. That said, Section 406(b) of ERISA obligates retirement fund fiduciaries to always place clients’ interest first.

As OCC doesn’t directly supervise ERISA, its perspective is via supervising banks’ wider duties to make sure operations are performed in a way that decreases operational risks, as well as reputational and legal harm. Although monitoring ERISA compliance has long been part of OCC’s examination wheelhouse, some observers are finding that the agency’s current concentration on both the Act and how banks sell proprietary investment instruments is an add-on previous monitoring practices.

The Securities and Exchange Commission is also looking at JPMorgan and its proprietary products sales. While it is not known at this time whether the agency’s inquiries will result in formal action, a number of ex-JPMorgan Chase financial advisers already have sued or filed arbitration claims accusing the bank of pressuring them to place client assets in in-house products. The financial firm denies the securities’ cases allegations.

Meantime, according to Reuters last year, the Labor Department too has been examining JPMorgan. The DOL is looking at the firm’s purchases for 401(k) plan stable value funds under its management of \$1.7 million in mortgage debt that it underwrote before the real estate crisis. Already, investors have filed securities cases alleging wrongdoing that, once again, the bank denies.

[JPMorgan Warned by OCC of Asset Management Conflicts](#), American Banker, July 5, 2013

[Employment Retirement Income Security Act](#)

[Office of Comptroller of the Currency](#)

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[Police Retirement System of St. Louis Also Suing JPMorgan Chase Executives Over "London Whale" Scandal](#), Institutional Investor Securities Blog, April 25, 2013

[Texas Judge Throws Out Verizon Retirees' Class Action Lawsuit Over \\$8.4B Pension Sales to Prudential](#), Stockbroker Fraud Blog, July 9, 2013

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JULY 2, 2013

Sonoma County Files Securities Lawsuit Over Libor Banking Debacle

Sonoma County, CA is suing [Citigroup \(C\)](#), [JPMorgan \(JPM\)](#), [Bank of America \(BAC\)](#), [UBS \(UBS\)](#), Barclays (BCS), and a number of other former and current LIBOR members over the infamous international-rate fixing scandal that it claims caused it to suffer substantial financial losses. The County's securities lawsuit contends that the defendants made billions of dollars when they understated and overstated borrowing costs and artificially established interest rates.

Sonoma County is one of the latest municipalities in California to sue over what it claims was rate manipulation that led to lower interest payments on investments linked to the London Interbank Offered Rate. Also seeking financial recovery over the LIBOR banking scandal are the Regents of the University of California, San Mateo County, San Diego Association of Governments, East Bay Municipal Utility District, City of Richmond, City of Riverside, San Diego County, and others.

The County of Sonoma is alleging several causes of action, including unjust enrichment, fraud, and antitrust law violations involving transactions that occurred between 2007 and 2010, a timeframe during which Barclays already admitted to engaging in interest manipulation. The county invested \$96 million in Libor-type investments in 2007 and \$61 million in 2008. Jonathan Kadlec, the Assistant Treasurer at Sonoma County, says that an investigation is ongoing to determine how much of a financial hit was sustained. Kadlec supervises an investment pool that is valued at about \$1.5 billion for the county. He said that LIBOR-type investments, which involve floating securities with interests that are index-based, make up a small portion of the pool.

Already, three LIBOR members have paid over \$2.5 billion in penalties over the LIBOR rate-fixing debacle. Earlier this year, Royal Bank of Scotland (RBS) consented to pay \$610 million, and last year, UBS consented to pay over \$1.5 million while Barclays said it would pay \$450 million.

LIBOR

The London Interbank Offered Rate is the global benchmark interest rate for establishing short-term interest rates on financial instruments ranging from sophisticated municipal derivative investments to car loans. The British Bankers' Association sets LIBOR daily. The benchmark interest rate is determined according to the average of the interest rate that each LIBOR member bank says it can borrow from the other bank members. Until the manipulation among LIBOR members was discovered, a member bank's interbank borrowing rate was considered a mirror of its credit worthiness.

In 2011, regulators from the US, UK, Japan, and Switzerland said they would investigate LIBOR rate manipulation influencing financial markets globally. Banks that were members of LIBOR were accused of manipulating LIBOR to up their profits and report borrowing rates that were suppressed to make them appear to be in greater financial health.

Please contact our [LIBOR Fraud lawyers](#) at [SSEK Partners Group](#) today.

[Sonoma County joins suit over LIBOR rate setting](#), North Bay Business Journal, June 28, 2013

[The County of Sonoma, California Files Lawsuit Against Major Banks for Libor Interest Rate Manipulation](#), County of Sonoma, June 28, 2013

More Blog Posts:

[CBOE Will Pay \\$6M Penalty Over SEC Charges Alleging Failure to Enforce Trading Rules](#), Institutional Investor Securities Blog, June 12, 2013

[AIG Drops RMBS Lawsuit Against New York Fed, Fights Bank of America's \\$8.5B MBS Settlement](#), Institutional Investor Securities Blog, June 5, 2013

[FINRA Orders Wells Fargo & Banc of America's Merrill Lynch Ordered to Pay \\$5.1M for Floating-Rate Bank Loan Funds Sales](#), Stockbroker Fraud Blog, June 4, 2013

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JUNE 8, 2013

Financial Firm Roundup: Citigroup Settles \$3.5B MBS Lawsuit with FHFA, JPMorgan Unit Fined \$4.64M, Court Won't Dismiss USB Whistleblower's Action, & Ex-Goldman Sachs Executive to Pay \$100K Over Pay-To-Play Scam

Citigroup (C) Settle \$3.5B securities lawsuit Over MBS Sold to Freddie Mac, Fannie Mae

[Citigroup](#) has settled the \$3.5 billion [mortgage-backed securities](#) filed with the Federal Housing Finance Agency. The MBS were sold to Freddie Mac and Fannie Mae and both sustained resulting losses. This is the second of 18 securities fraud cases involving FHFA suing banks last year over more than \$200B in MBS losses by Fannie and Freddie. The lawsuit is *FHFA v. Citigroup*.

J.P. Morgan International Bank Ltd. Slapped with \$4.64M Fine by UK Regulator

The UK Financial Conduct Authority says that [JPMorgan](#) unit (JPM) J.P. Morgan International Bank Ltd. must pay a \$4.64 million fine for controls failures and systems involving its retail investment advice and portfolio investment services. Per the agency, financial firms that don't maintain the proper records not only put their clients at risk of getting involved in inappropriate investments, but also they don't have a way to determine whether the proper advice was given. Fortunately, investors were not harmed despite the risk exposure.

The UK regulator says the problems went on for two years. Among the problems identified: outdated files, insufficient key client data, inadequate record system, inadequate suitability reports, and insufficient communication with clients about suitability. FCA says that it wasn't until after it identified the problems and notified the JP Morgan unit about them that the necessary modifications were made.

Whistleblower's Retaliation Action Against UBS Securities Can Go Ahead, Says Court

A district court judge made the decision not to dismiss ex-[UBS Securities LLC \(UBS\)](#) senior strategist Trevor Murray's retaliatory action against his former employer. Murray was allegedly fired after he told his managers about possible securities law violations.

He contends that he was let go because he refused to write reports about UBS's commercial MBS that were "more favorable to the financial firm." Murray sued, arguing that the action violated the Dodd-Frank Act's whistleblower protection provisions. UBS then tried arguing that Murray wasn't a whistleblower because he didn't tell the SEC about the alleged violation, but the judge said that a whistleblower is allowed to report alleged violations to governmental authorities and persons other than the regulator.

Former Goldman Sachs VP Consents to Pay \$100K Payment SEC Pay-to-Play Action

Neil M. M. Morrison, an ex-[Goldman Sachs & Co. \(GS\)](#) vice president, will pay \$100,000 to resolve an SEC action accusing him of taking part in an alleged pay-to-play scheme involving former Massachusetts state Treasurer Timothy Cahill's gubernatorial campaign. The Commission said that he solicited the state's underwriting business

while “engaged” in Cahill’s campaign and that his use of the financial firm’s resources and work time are considered campaign contributions. By settling, Morrison is not admitting or denying the allegations.

Meantime, Goldman will pay approximately \$12 million to settle the related proceedings against it, as well as \$4.5 million to Massachusetts Attorney General Martha Coakley. Even though the firm wasn’t allowed to take part in municipal underwriting business for two years after Morrison’s alleged violations, the SEC says that Goldman still took part in 30 underwriting contracts with issuers in the state and made about \$7.5 million in fees.

[Citi settles U.S. suit over \\$3.5 billion in mortgage securities](#), Reuters, May 28, 2013

[U.K. Regulator Fines JPMorgan Unit \\$4.64M For Failures in Investment Systems, Controls](#), Bloomberg/BNA, May 28, 2013

[Internal Whistleblowing Deserves Protection, Judge Tells UBS](#), Law360, May 22, 2013

[SEC Charges Goldman Sachs and Former Vice President in Pay-to-Play Probe Involving Contributions to Former Massachusetts State Treasurer](#), SEC, September 27, 2012

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[FINRA Orders Wells Fargo & Banc of America’s Merrill Lynch Ordered to Pay \\$5.1M for Floating-Rate Bank Loan Funds Sales](#), Stockbroker Fraud Blog, June 4, 2013

[AIG Drops RMBS Lawsuit Against New York Fed, Fights Bank of America’s \\$8.5B MBS Settlement](#), Institutional Investor Securities Blog, June 5, 2013

[Two Oppenheimer Investment Advisers Settle for Over \\$2.8M SEC Fraud Charges Over Private Equity Fund](#), Institutional Investor Securities Blog, March 14, 2013

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APRIL 25, 2013

Police Retirement System of St. Louis Also Suing JPMorgan Chase Executives Over “London Whale” Scandal

The Police Retirement System of St. Louis is suing [JPMorgan Chase \(JPM\)](#) CEO Jamie Dimon and several other senior bank officers over the “London Whale” scandal. The pension fund, which owns 39,000 of the investment bank, is one of numerous investors seeking compensation. Dimon and the other [JPMorgan](#) executives are accused of disregarding the red flags indicating that the London-based operation was engaged in taking large scale risks that ultimately resulted in close to \$6 billion in losses last year.

In its derivatives lawsuit, the Police Retirement System of St. Louis contends that the defendants “eviscerated” the risk controls of JPMorgan’s London unit to up profits. Even after the media reported that one of the bank’s traders in London was making big bets (that trader was eventually dubbed the “London Whale”), Dimon downplayed the news to investors. The pension fund contends that the executives and others breached their duties to shareholders by not stopping the risky trades.

In March, US lawmakers sought to understand the multimillion-dollar trading loss. At a hearing before Congress, they questioned past and current JPMorgan executives about the financial scandal. Their interrogation came a day after the release of a damning 300-page Congressional report that blamed the bank’s lax culture while also criticizing the Office of the Comptroller of the Currency for also failing to follow up on warning signs.

The executives tried to defend themselves, saying their attempts to lower risks were countered by traders that purposely undervalued bets to conceal an increase in losses. Among the executives that gave testimony was ex-JPMorgan chief investment office head Ina Drew, whose group was in the middle of the debacle. She too blamed lower-level traders and others, while contending that she had been given inaccurate information. Drew said she didn’t know that traders were upping their bets.

[Withering Questions at Senate Hearing on JPMorgan Loss](#), New York Times, March 15, 2013

[JPMorgan hit with new investor lawsuit over "Whale" losses](#), Reuters, April 15, 2013

More Blog Posts:

[JP Morgan Sued by Dexia in \\$1.7B MBS Lawsuit](#), Institutional Investor Securities Blog, February 11, 2013

[JPMorgan, Goldman Sachs, Bank of New York Mellon, Charles Schwab Disclose Market-Based NAVs of Money Market Mutual Funds](#), Stockbroker Fraud Blog, February 7, 2013

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APRIL 15, 2013

CtW Investment Group Wants JPMorgan Chase Shareholders To Vote Against Re-Electing Four Board of Directors

CtW Investment Group has announced plans to file a document with the Securities and Exchange Commission that would press shareholders to vote against reelecting four [JPMorgan Chase & Co. \(JPM\)](#) board of directors: James Crown, Ellen Futter, Laban Jackson, and David Cote. The group, which represents pension funds that together hold approximately 6 million of the financial firm's shares and is labor organization Change to Win's advisory arm, also intends to make its request in writing to the shareholders.

CtW believes that these directors can no longer be depended on to deal with oversight failures and blames most of them for poor risk management oversight that they say allowed the trading fiasco to happen. Meantime, JPMorgan is seeking support among its biggest shareholders. It claims that the board isn't to be blamed for the "London Whale," which involved its operation in England making risky bets and losing nearly \$6 billion in losses.

Meantime, in a report on the global investment banking industry, JPMorgan's analysts pointed to [Goldman Sachs \(GS\)](#) and [Deutsche Bank \(DB\)](#) as examples of Tier 1 investment banks to stay away from. It described this tier of banks as "un-investable, with their viability in doubt.

JPMorgan's banking analysts worry that several new, uncoordinated global banking regulation could negatively affect the firm's future earnings. For example, they expect the average equity return for leading financial firms to drop to 9.6% after 2015.

Also, because of new capital requirements, firms will have to keep more money in reserve in case of possible loss on high-risk trades. Some are worried that a lower investment banking revenue in the wake of the financial crisis will affect financial firms' bottom lines. How the bonus caps proposed by the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act will be put into effect is still not clear.

Some banks have reacted to the regulatory changes that are coming by making their investment banking units smaller and concentrating on areas of the business that are more profitable. However, caution the JPMorgan analysts, shareholders will likely seek higher returns to make up for the greater risks that now exists among the global markets. They believe that banks will have to up their profits to meet shareholder demands, which may require more layoffs, pay cuts, and face calls for offloading high risk trading activities.

If you think your investment losses are due to securities fraud, contact our [institutional investment fraud law firm](#) today. We represent both individual and institutional investors, not just in the US, but also clients abroad with securities arbitration claims and lawsuits against firms based domestically. Contact Shepherd Smith Edwards and Kantas, LTD, LLP today to request your free case assessment.

[WSJ Blog: Activists Turn Up the Heat on J.P. Morgan's Board](#), The WSJ, April 16, 2013

[US Securities and Exchange Commission](#)

More Blog Posts:

[RMBS Lawsuit Against Deutsche Bank Can Proceed, Says District Court](#), Institutional Investor Securities Blog, April 4, 2013

[Previous Dissent by Arbitrator is Not Reason to Vacate Award Morgan Keegan Was Ordered to Pay Investors, Says District Court](#), Stockbroker Fraud Blog, April 8, 2013

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FEBRUARY 11, 2013

JP Morgan Sued by Dexia in \$1.7B MBS Lawsuit

Dexia SA (DEXB) is suing [JP Morgan Chase & Co. \(JPM\)](#) for over \$1.7 billion. In its [mortgage-backed securities lawsuit](#), the Belgian-French bank contends that the loans underlying the securities that the US bank sold it were riskier than what they were represented to be.

JP Morgan and its companies, Washington Mutual (WM) and Bear Stearns Co., are accused of “egregious” fraud for allegedly making and selling mortgage bonds backed by loans that they knew were “exceptionally bad.” Dexia claims it sustained substantial losses.

According to The New York Times, there are a slew of employee interviews and internal e-mails related to this MBS lawsuit that talk about how the three firms disregarded quality controls and problems—perhaps even concealing the latter—in order to make a profit from these mortgages that were packaged into complex securities. They are accused of seeking to avail of the mortgage-backed securities demand during the housing boom even as doubts began to arise about whether or not these investments were good quality. Court filings report that JPMorgan would get mortgages from lenders that didn’t have stellar records, assigning Washington Mutual and American Home Mortgage a “poor” grade on its “internal ‘due diligence scorecard.’” The loans were then swiftly sold off to investors. Meantime, Bear Stearns and Washington Mutual are also said to have cut back on quality controls—the latter even reducing due diligence staff by 25% for the supposed purpose of upping profits. One e-mail said that executives who protested these actions were harassed.

Also, per court documents, a 2006 analysis for JP Morgan by a third party to study home loans before they were bundled into investments determined that close to half the sample pool—about 214 loans—were “defective,” meaning that they failed to satisfy underwriting standards. Meantime, considering the size of some mortgages, the incomes of its borrowers were reportedly precariously low, and per another report that year, thousands of borrowers were late on payments. Yet, contend the documents, JP Morgan would on occasion disregard or change these critical assessments while giving certain employees, including bankers that put together the mortgages, the authority to veto or turn a blind eye to these negative reviews. JP Morgan executives at times even allegedly lowered the number of loans thought delinquent or “defective.”

All of these actions were allegedly part of a plan to raise profit. One Washington Mutual employee even revealed in a deposition that making the loan defects known would have been harmful to the financial firm. Also, because some firms did not give an accurate portrayal of their investments, this impacted the way credit ratings agencies would rate the securities.

Since the financial crisis, Dexia has been bailed out twice. Court records show that it sustained \$774 million in losses on MBS, which overall cost over \$22.5 billion in losses from 2005 and 2007 alone.

Related Web Resources:

[E-Mails Imply JPMorgan Knew Some Mortgage Deals Were Bad](#), The New York Times, February 6, 2013

[JPMorgan Sued by Dexia Over \\$1.7 Billion in Mortgage-Backed Securities](#), Bloomberg, January 20, 2012

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[JPMorgan, Goldman Sachs, Bank of New York Mellon, Charles Schwab Disclose Market-Based NAVs of Money Market Mutual Funds](#), Stockbroker Fraud Blog, February 7, 2013

[Texas Securities Criminal Case Against Oil and Gas Company Executive Can Proceed, Rules Fifth Circuit](#), Stockbroker Fraud Blog, February 6, 2013

[Morgan Keegan Founder Faces SEC Charges Over Mortgage-Backed Securities Asset Pricing in Mutual Funds](#), Institutional Investor Securities Blog, December 17, 2012

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JANUARY 23, 2013

JPMorgan CEO Jamie Dimon Blames Regulators for Problems in the Wake of Economic Crisis

Speaking at a panel at the World Economic Forum in Davos, Jamie Dimon, the chief executive officer of [JPMorgan Chase \(JPM\)](#), said that one reason many of the issues from the 2008 financial crisis have yet to be fixed is because new regulations have made things more complex. Dimon said that not only is too much being attempted too quickly, but also he believed that regulators have become too overwhelmed by the rules.

Dimon said that rather improving the system, during the last five years there has been a great deal of placing blame and exchanging misinformation. He did, however, praise the Federal Reserve, which he said saved "the system" by coming to the rescue after Lehman Brothers failed.

"It's unbelievable that Mr. Jamie Diamond would be complaining so loudly about regulations," said [Institutional Investment Fraud Lawyer William Shepherd](#). "Among other gambling woes, his company just took a \$6 billion loss on one of his traders bets! Look where deregulation of the financial markets got us 5 years ago! After the 1929 debacle, laws were passed to regulate these markets. One outlawed banks and securities firms being under the same umbrella. In fact, this is how [Morgan Stanley \(MS\)](#) was formed, as a forced spinoff of JP Morgan Bank. Lawmakers had decided that banks insured by FDIC, thus the taxpayers, should not gamble in the securities markets. Unfortunately, that law was repealed, and less than 10 years later our financial system collapsed again. Congress should have simply reinstituted the ban on such combined firms but has instead voted out far less protection. Stop your wining Jamie!

If you believe that [securities fraud](#) caused you to suffer financial losses, do not hesitate to contact Shepherd Smith Edwards and Kantas, LTD, LLP today.

Related Web Resources:

[JPMorgan CEO Hits Back at Policymakers](#), Yahoo.com, January 23, 2013

[JPMorgan slashes CEO Dimon's pay on "Whale" trade](#), Reuters, January 16, 2013

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[JPMorgan Chase Ordered to Remedy Risk Management Breakdowns Involving "London Whale" Trades](#), Institutional Investor Securities Blog, January 17, 2013

[New York's Attorney General Sues JP Morgan Chase & Co. Over Alleged MBS Financial Fraud by Its Bear Stearns Unit](#), Stockbroker Fraud Blog, October 4, 2012

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JANUARY 17, 2013

JPMorgan Chase Ordered to Remedy Risk Management Breakdowns Involving "London Whale" Trades

The Office of the Comptroller of the Currency and The Federal Reserve is ordering [JPMorgan Chase \(JPM\)](#) to fix the breakdown that occurred in its risk management that resulted in the "London Whale" trades. These were outsized credit derivatives bets made by a group of traders in the UK that resulted in over \$6 billion in losses for the investment bank. Due to the extremity of the some of the positions, prices in the markets became distorted. The "London Whale" is the nickname of one of the traders involved.

According to the newly issued enforcement actions, the internal controls of the bank did not succeed in spotting and preventing specific trading involving credited derivatives that Chief Investment Office Ina Drew conducted and this led to the losses. The OCC says that per investigations that were conducted, there had been certain deficiencies, such

as poor risk management procedures and processes, insufficient governance and oversight for proper material risk protection, inadequate control of trade valuation, models that were not properly developed or implemented, and insufficient internal audit processes. Meantime, the Fed pointed to deficiencies of senior management letting the board of directors know about certain issues.

While JPMorgan Chase doesn't have to pay a fine, there are steps it is going to have to take to enhance its risk management and improve its anti-money laundering procedures. The OCC says that the financial firm's controls for anti-money laundering have key deficiencies related to the reporting of suspicious activity, the monitoring of transactions, risk assessment, customer due diligence, independent testing, and the proper placement of adequate internal control systems.

Now, JPMorgan has issued its "Whale Report" related to its 2012 CIO losses. The documents look at the complex bets on credit derivatives placed by the financial firm's chief investment office, which started to create huge losses in early 2012. Among its conclusions:

- The CIO's execution and judgment, and escalation of issues during 2012's first quarter were poor.
- The financial firm failed to ensure the CIO's controls and oversight grew along with the greater complexity and risks affecting the unit.
- CIO Risk Management didn't have the needed staff and structure to run the portfolio
- Risks limits were lacking in granularity.
- Modifications to VaR, the risk-measurement tool, were flawed.

If you believe you were the victim of [derivatives securities fraud](#), contact our [institutional investment fraud law firm](#) today.

Related Web Resources:

[Read the JPMorgan Report](#)

[JPMorgan Chase's 'Whale' Harpooned by More Regulators](#), The Street, January 15, 2013

[The Office of the Comptroller of the Currency
Federal Reserve](#)

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[JPMorgan Chase Must Pay Oil Heiress's Trust \\$18M For Derivatives Investments, Account Mismanagement, and Unsuitable Investment Advice](#), Stockbroker Fraud Blog, October 12, 2012

[New York's Attorney General Sues JP Morgan Chase & Co. Over Alleged MBS Financial Fraud by Its Bear Stearns Unit](#), Stockbroker Fraud Blog, October 4, 2012

[Barclays LIBOR Manipulation Scam Places Citigroup, Credit Suisse, Deutsche Bank, JP Morgan Chase, and UBS Under The Investigation Microscope](#), Institutional Investor Securities Blog, July 16, 2012

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JULY 16, 2012

Barclays LIBOR Manipulation Scam Places Citigroup, Credit Suisse, Deutsche Bank, JP Morgan Chase, and UBS Under The Investigation Microscope

[The London Inter-Bank Offer Rate \(LIBOR\)](#) manipulation scandal involving Barclays Bank (BCS-P) has now opened up a global probe, as investigators from the United States, Europe, Canada, and Asia try to figure out exactly what happened. While Barclays may have settled the allegations for \$450 million with the UK's Financial Services Authority, the US Department of Justice, and the Commodity Futures Trading Commission, now a number of other financial firms are under investigation including [UBS AG \(UBS\)](#), [JPMorgan Chase \(JPM\)](#), [Deutsche Bank AG](#), [Credit Suisse Group \(CS\)](#), [Citigroup Inc.](#), Bank of Tokyo-Mitsubishi UFJ, HSBC Holdings PLC (HBC-PA), Lloyds Banking Group PLC (LYG), Rabobank Groep NV, Mizuho Financial Group Inc. (MFG), Societe Generale SA, RP Martin Holdings Ltd., Sumitomo Mitsui Banking Corp., and Royal Bank of Scotland PLC (RBS).

In the last few weeks, the accuracy of [LIBOR](#), which is the average borrowing cost when banks in Britain loan money to each other, has come into question in the wake of allegations that Barclays and other big banks have been rigging it by submitting artificially low borrowing estimates. Considering that LIBOR is a benchmark interest rates that affects hundreds of trillions of dollars in financial contracts, including floating-rate mortgages, interest-rate swaps, and corporate loans globally, the fact that this type of financial fudging may be happening on a wide scale basis is disturbing.

"It's my understanding the total financial paper effected by LIBOR is close to \$500 trillion dollars. This is a half-quadrillion dollars if you are wondering about the next step up," said [Shepherd Smith Edwards and Kantas, LTD, LLP Founder and Institutional Investment Fraud Attorney William Shepherd](#).

Barclays contends that its manipulation of borrowing estimates could not alone have dramatically influenced the final labor rate. The bank claims that it submitted low borrowing costs that were artificial because it suspected that this is what other banks were doing and it didn't want to look like it was in financial trouble by comparison.

"In the US, these allegations could fall under the Sherman Anti-trust and/or the Clayton Unfair Trade Practices Acts, said [Securities Lawyer Shepherd](#). "The recovery possible under such legislation could reach triple damages, plus legal fees and costs."

A slew of securities lawsuits, including class actions and regulator complaints, against some of these banks under investigation, are likely. CNN reports that already, attorneys general in Massachusetts, Florida, New York, and Connecticut are investigating the LIBOR rate-setting scandal. There may be a variety of plaintiff types, including municipal governments and investment firms.

"Institutions are usually the subject of such actions, which are also federal crime statutes, but individuals can also be held liable," said [Stockbroker Fraud Attorney Shepherd](#). "The allegations cover more than just price-fixing or predatory pricing and involve multiple acts of price manipulation among institutions (legally an "enterprise"), such that racketeering (RICO) laws could also apply."

Banks belonging to the LIBOR panels will likely become defendants of criminal complaints, regulator complaints, and huge class actions. For now, they in turn, have been blaming the central banks and regulators.

[States weighing Libor scandal suit](#), CNN, July 16, 2012

[Who Else Is Under Investigation for Libor Manipulation?](#), The Wall Street Journal, July 9, 2012

[The Worst Banking Scandal Yet?](#), Bloomberg, July 12, 2012

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[\\$1.2 Billion of MF Global Inc.'s Clients Money Still Missing](#), Stockbroker Fraud Blog, December 10, 2011

[Ex-Goldman Sachs Director Rajat Gupta Pleads Not Guilty to Insider Trading Charges](#), Stockbroker Fraud Blog, October 26, 2011

[Goldman Sachs Execution and Clearing Must Pay \\$20.5M Arbitration Award in Bayou Ponzi Scam, Upholds 2nd Circuit](#), Institutional Investor Securities Blog, July 14, 2012

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MAY 22, 2012

Senate Democrats Want Volcker Rule's "JP Morgan Loophole" Allowing Portfolio Hedging Blocked

In a letter to the Federal Reserve Board, the Securities and Exchange Commission, the Commodity Futures Trading Commission the Office of the Comptroller of the Currency Administrator of National Banks, and the Federal Deposit Insurance Commission, Senators Jeff Merkley (D-Ore.) and Carl Levin (D-Mich.) spoke out against what they are calling the current draft of the Volcker rule's "JPMorgan loophole," which they say allows for the kinds of trading activities that resulted in the investment bank's recent massive trading loss. Merkley and Levin want the regulators to make sure that the language in October's draft version is more stringent so that "clear bright lines" exist between

legitimate activities and proprietary trading activities that should be banned (including risk-mitigating hedging and market-making).

According to Levin and Merkley, who are both principal co-sponsors of the Volcker rule and its restrictions on proprietary trading, the regulation's latest draft disregarded "clear legislative language and clear statement of Congressional intent" and left room for "portfolio hedging." Under the law, risk-mitigating hedge activities are allowed as long as they aim to lower the "specific risks" to a financial firm's holdings, including contracts or positions. This is supposed to let banks lower their risks by letting them to take part in actual, specific hedges. However, the senators are contending that because the language that was necessary to enforce wasn't included in the last draft, hence the "JPMorgan loophole" (among others) that will allow proprietary trading to occur even after the law goes into effect. They blame pressure from Wall Street lobbyists for these gaps.

The senators are pressing the regulators to get rid of such loopholes and put into effect a solid Volcker Rule, with stricter language, and without further delays. They noted that despite getting trillions of dollars in public bailout money, a lot of large financial firms continue to fight against the "most basic... reforms," which is what they believe that Wall Street has been doing with its resistance to the Volcker rule. (Also in their letter, Levin and Merkley reminded the regulators that it was proprietary trading positions that resulted in billions of dollars lost during the recent economic crisis.)

SSEK Talking to Investors About JPMorgan Trading Losses

[JPMorgan Chase's](#) (JPM) over \$2 billion loss was on a series of complex derivative trades that it claims were made to hedge economic risks. Now, according to a number of people who work at trading desks that specialize in the kind of derivatives that the financial firm used when making its trades, the financial firm's loss has likely grown to closer than \$6 billion to \$7 billion.

[Read the Letter by Merkley and Levin](#)

[Volcker Rule Resource Center](#), SIFMA

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[JPMorgan Chase Had No Treasurer When Chief Investment Office Made Trades Resulting In More than \\$2B Loss, Reports WSJ](#), Institutional Investor Securities Blog, May 19, 2012

[JPMorgan Chase Shareholders File Securities Lawsuits Over \\$2B Trading Loss](#), Institutional Investor Securities Blog, May 17, 2012

[SEC Chairman Mary Schapiro Stands By Agency's 2011 Enforcement Record](#)<http://www.stockbroker-fraud.com/lawyer-attorney-1132963.html>, Stockbroker Fraud Blog, March 15, 2012

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MAY 19, 2012

[JPMorgan Chase Had No Treasurer When Chief Investment Office Made Trades Resulting In More than \\$2B Loss, Reports WSJ](#)

According to the Wall Street Journal, during five of the months when [JPMorgan Chase's](#) (JPM) Chief Investment Office made the trades that has led to over \$2 billion in losses, the financial firm lacked a treasurer. Also, the executive appointed to head up department's risk management might not have had the necessary experience to do the job. A few ex- and current employees of the financial firm have alluded to poor decisions in staffing as a reason that bad positions were allowed to go unchecked.

Apparently, until the appointment of Sandie O'Connor as treasurer was announced in March, the last person to hold that position was Joseph Bonocore. He left the financial firm in October 2011, which was before trading losses soared. Prior to leaving, he expressed general worries about risks that were being made by the JPMorgan's London

office, which is where many of the questionable trades originated. (He also had previously served as the investment unit's chief financial officer for about 11 years.) Now, questions are being raised by those on the outside as to how a bank as big as JPMorgan could go so long without a treasurer.

As for its chief risk officer, Irving Goldman, he is related by marriage to JPMorgan executive Barry Zubrow. Goldman was moved into the post this February, one month after Zubrow was made the bank's chief of corporate regulatory affairs. Goldman's background in trading is extensive. He previously worked for Salomon Brothers, Credit Suisse First Boston, and Cantor Fitzgerald (CANTRP), where he also was president of its asset management and debt capital markets divisions. A JPMorgan spokesperson defended Goldman's professional background, saying it wasn't uncommon for a risk manager to be heavy on trading experience.

In February, Zubrow, Goldman and now ex-chief investment officer head Ina Drew and former CFO John Wilmot reportedly told Federal Reserve officials that new regulations might impede a banking entity's ability to properly manage its structural risks. They contended that certain types of trading (including the trading that has led to this major loss) shouldn't be part of a proposed proprietary trading ban under the Volcker ruler.

Although JPMorgan's Chief Executive James Dimon had announced \$2 billion trading loss, additional losses have continued to accrue by up to \$150 million a day since his announcement last week. The losses may eventually exceed \$5 billion.

JPMorgan has acknowledged that it employed a strategy that was not only badly designed but also poorly executed. It is conducting its own internal probe in conjunction with outside auditors. Meantime, the US Justice Department and a number of regulators, including the SEC and the Federal Reserve, have opened their own investigations into the losses.

[Shepherd Smith Edwards and Kantas, LTD, LLP](#) wants to hear from individual institutional investors affected by JPMorgan Chase's trading losses, contact our [securities fraud attorneys](#) today.

[Key Void at Top for J.P. Morgan](#), The Wall Street Journal, May 17, 2012

[JPMorgan Chase Chief Investment Office Played By Different Rules](#), Huffington Post, May 16, 2012

More Blog Posts:

[JPMorgan Chase \\$2B Trading Loss Leads to Probes by the SEC, Federal Reserve, and FBI](#), Institutional Investor Securities Blog, May 15, 2012

[JPMorgan Chase Shareholders File Securities Lawsuits Over \\$2B Trading Loss](#), Institutional Investor Securities Blog, May 17, 2012

[JP Morgan Chase To Pay \\$150M to Settle Securities Lawsuit Over Lending Program Losses of Union Pension Funds](#), Stockbroker Fraud Blog, March 26, 2012

[JP Morgan Chase To Pay \\$150M to Settle Securities Lawsuit Over Lending Program Losses of Union Pension Funds](#), Stockbroker Fraud Blog, March 26, 2012

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MAY 17, 2012

JPMorgan Chase Shareholders File Securities Lawsuits Over \$2B Trading Loss

Two [securities lawsuits](#) have been filed on behalf of shareholders and investors of [JPMorgan Chase & Co. \(JPM\)](#) over the financial firm's \$2 billion trading loss from synthetic credit products. According to CEO Jamie Dimon, the massive loss is a result of "egregious" failures made by the financial firm's chief investment office and a hedging strategy that failed. Both complaints were filed on Tuesday in federal court.

One securities case was brought by Saratoga Advantage Trust -- Financial Services Portfolio. The Arizona trust is seeking to represent everyone who suffered losses on the stock that it contends were a result of alleged misstatements the investment bank had made. Affected investors would have bought the stock on April 13 (or later), which is the day that Dimon had minimized any concerns about the financial firm's trading risk during a conference call.

Per *Saratoga Advantage Trust v JPMorgan Chase & Co.*, the week after the call, losses from the trades went up to about \$200 million a day. The Arizona Trust is accusing Dimon and CFO Douglas Braunstein of issuing statements during that conversation that were misleading and “materially false,” as well as misrepresenting not just the losses but also the risks from major bets placed on “derivative contracts involving credit indexes reflecting corporate bonds interest rates.” As a result, when the derivative bets faltered “horribly,” the company suffered “billions of dollars in lost capital,” as well as additional losses in the billions for JPMorgan shareholders in terms of market capitalization. The securities fraud lawsuit is seeking unspecified damages for investors.

The second complaint, submitted by plaintiff James Baker, is a shareholder derivative lawsuit. He is an individual investor seeking damages on behalf of JPMorgan Chase from Dimon, Braunstein and members of the bank’s board. In *JPMorgan Chase & Co. v James Dimon*, Baker accuses the CEO of publicly disputing that any investment safety regulation was warranted on the grounds that JPMorgan of its own accord was “purportedly so careful” with its investments. Baker says the financial firm failed to disclose that the losses were because of a “marked shift” in its “allowable risk model” and the “clandestine conversion” of a company unit, which was supposed to provide a “conservative risk-reduction function,” into one that touted high risk, short-term trading that ended up exposing JPMorgan to huge losses.

Baker who is charging bank officers and directors with waste of corporate assets, breach of fiduciary duty, and unjust enrichment, is seeking unspecified damages from the bank officers and directors. He also wants a court order mandating that JPMorgan install two shareholder representatives on its board, let shareholders vote on proposals regarding enhancing board supervision, and test internal audit and control policies to make sure that they immediately notify management about trading risks that are not acceptable.

If you are an investor that has lost money because of JPMorgan’s \$2 Billion trading loss, please contact our [securities fraud lawyers](#) at [Shepherd Smith Edwards and Kantas, LTD, LLP](#) today.

[JPMorgan Shareholders Sue Dimon Over \\$2 Billion Loss](#), Bloomberg, May 16, 2012

[Saratoga Advantage Trust v JPMorgan Chase & Co.](#), Justia.com

JPMorgan Chase & Co. v James Dimon

[Dimon: Investment Portfolio is 'Very Conservative'](#), Bloomberg, April 13, 2012

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[JPMorgan Chase \\$2B Trading Loss Leads to Probes by the SEC, Federal Reserve, and FBI](#), Institutional Investor Securities Blog, May 15, 2012

[Investors Want JP Morgan Chase & Co. To Explain Over \\$95B of Mortgage-Backed Securities](#), Institutional Investor Securities Blog, December 17, 2011

[JP Morgan Chase To Pay \\$150M to Settle Securities Lawsuit Over Lending Program Losses of Union Pension Funds](#), Stockbroker Fraud Blog, March 26, 2012

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MAY 15, 2012

JPMorgan Chase \$2B Trading Loss Leads to Probes by the SEC, Federal Reserve, and FBI

In the wake of [JPMorgan Chase's \(JPM\)](#) announcement that it lost \$2 billion in a trading portfolio that is supposed to hedge against the risks that it takes against its own money, the Securities and Exchange Commission, the Federal Bureau of Investigation, the Federal Reserve and other regulators are launching their respective investigations to find out exactly what happened. [JPMorgan](#) is the largest bank in the US.

As the financial firm’s stock plummeted nearly 7% in after-hours trading after the announcement, its CEO, Jamie Dimon, attributed the losses to “many errors, sloppiness and bad judgment.” He also said that the portfolio, which consisted of derivatives, ended up being “riskier” and not as effective as an economic hedge as the financial firm had

previously thought. Also seeing drops in their stocks following JPMorgan's announcement of its massive trading loss were other banks, including [Bank of America \(BAC\)](#), [Morgan Stanley \(MS\)](#), [Citigroup \(C\)](#) and [Goldman Sachs \(GS\)](#)<http://www.securities-fraud-attorneys.com/>.

Now, the SEC and other regulators are looking into whether possible civil violations were involved in JPMorgan's massive loss. The Commission had recently opened a preliminary probe into the financial firm's public disclosures about its trades and accounting practices. According to The New York Times, questions regarding JP Morgan's chief investment office, which is in charge of its hedging activities, were raised in April following reports that a trader in London was taking large bets that were "distorting the market." Dimon, at the time, dismissed worries about the bank's trading activities.

The FBI is also looking into potential wrongdoing related to the \$2 trading loss.

Known for its excellence in trading until now and earning up to \$5.4 billion of securities gains last year, JPMorgan's chief investment office has now seen a reversal of fortune. Per The New York Times, the financial firm's problems may have begun with its bond portfolio, which was valued at \$379 billion in March. Just 30% of the portfolio had been invested in securities that the federal government had guaranteed—a change from 2010 when government guaranteed bonds made up 42% of the portfolio.

Signs of trouble with JPMorgan's trading strategy started to brew at the end of March when the market went against corporate bonds. Yet during its first-quarter earnings call in mid-April, Dimon did not give any indication that there were problems with the bank's trading.

Last week, however, Dimon told a different story by announcing the \$2 billion trading loss. He said the investment bank's problems were caused in part by its value-at-risk measure, which underestimated the losses on hedge funds that depended on credit derivatives. Yet were the trades even actual hedges? Banks have been known to perform elaborate trades that at first seemed to be a hedge but eventually become a bad bet.

[SEC Opens Review of JP Morgan](#), The Wall Street Journal, May 11, 2012

[F.B.I. Begins Preliminary Inquiry Into JPMorgan](#), The New York Times, May 15, 2012

[JPMorgan Chase Discloses \\$2 Billion Trading Loss](#), NPR/AP, May 11, 2012

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[Investors Want JP Morgan Chase & Co. To Explain Over \\$95B of Mortgage-Backed Securities](#), Institutional Investor Securities Blog, December 17, 2011

[Washington Mutual Bank Bondholders' Securities Fraud Lawsuit Against J.P. Morgan Chase & Co. is Revived by Appeals Court](#), Institutional Investor Securities Blog, June 29, 2011

[JP Morgan Chase To Pay \\$150M to Settle Securities Lawsuit Over Lending Program Losses of Union Pension Funds](#), Stockbroker Fraud Blog, March 26, 2012

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DECEMBER 17, 2011

Investors Want JP Morgan Chase & Co. To Explain Over \$95B of Mortgage-Backed Securities

Institutional investors that placed their money in over \$95B in [mortgage-backed securities](#) want the trustees overseeing [JP Morgan & Chase. Co.](#)-issued securities to figure out whether certain loans shouldn't have been included as a result of faulty underwriting. US Bank, Bank of New York Mellon, Wells Fargo & Co., HSBC, and Citibank are the trustees.

PIMCO and BlackRock Inc. are two of the institutional investors requesting the investigation. According to their legal representatives, the group of investors represent over 25% of voting rights on 243 residential mortgage-backed securities. The institutional investors want to know whether mortgages that were not eligible ended up included in the

collateral backing the bonds. The investor group is the same one that reached an \$8.5 billion securities settlement with [Bank of America](#). (The 22 investors include the Federal Reserve Bank of New York, Black Rock Inc., Goldman Sachs Asset Management, MetLife Inc., and PIMCO). However, the settlement is still pending and has been challenged by other mortgage bondholders.

Related to this current requested probe, JP Morgan and its different arms put out the securities between 2005 and 2007. Included were bonds from Washington Mutual and Bear Stearns. About \$450 billion in residential MBS were issued by JP Morgan to investors between 2005 and 2008. Approximately \$169 billion of that principal is outstanding. A lot of the loans were not originated at JP Morgan, but the investment bank and its other entities did buy them. JP Morgan has contented that it should be the originator that should buy back the loans that were part of the securities contract.

According to the New York Times, if investors were to settle with JP Morgan by applying the same loss ratio used in arriving at the Bank of America agreement, this figure would probably hit about \$1.9 billion. Meantime, JP Morgan must contend with approximately \$31 billion in securities class-action cases.

Because of mortgage-related concerns, beginning in 2010, JP Morgan placed \$8.5 billion into its reserves for litigation. At the end of the third quarter, the investment bank's mortgage repurchase reserves were \$3.6 billion. Meantime, state attorneys generals and the Federal Housing Finance Agency continue to look at how investment banks handled mortgage-backed securities leading up to the housing market. More securities litigation from investors is expected.

[Investors target JPMorgan over \\$95 billion of RMBS](#), Reuters, December 16, 2011

[Mortgage Investors Put J.P. Morgan in Cross Hairs](#), The Wall Street Journal, December 17, 2011

[Bank of America in \\$8.5 billion settlement](#), CNN, June 29, 2011

More Blog Posts:

[Bank of America's Merrill Lynch Settles for \\$315 million Class Action Lawsuit Over Mortgage-Backed Securities](#), Institutional Investor Securities Blog, December 6, 2011

[FDIC Objects to Bank of America's Proposed \\$8.5B Settlement Over Mortgage-Backed Securities](#), Stockbroker Fraud Blog, August 30, 2011

[Some of the SEC Charges Against Investment Adviser Over Alleged Involvement In J.P. Morgan Securities LLC Collateralized Debt Obligation Are Dismissed](#), Institutional Investor Securities Blog, September 24, 2011

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DECEMBER 14, 2011

Bankruptcy Judge Grants MF Global Permission to Use \$21M from JPMorgan Chase

U.S. Bankruptcy Judge Martin Glenn says that [MF Global Holdings](#) Inc. can use approximately \$21 million in cash collateral from [JPMorgan Chase & Co.](#), which is its mortgage lender. In issuing this decision, Glenn overruled customer objections that this money could be part of the \$1.2B that has gone missing from their accounts. MF Global and JP Morgan have arrived at an agreement over how the cash will be used.

At the start of MF Global's bankruptcy, JPMorgan had already consented to let the brokerage firm use \$26M. This was per an agreement that would give the investment bank a lien on all MF Global assets.

It was just earlier this month that Glenn ruled that MF Global Inc. clients could recover 72% of what they lost when the broker-dealer filed for bankruptcy. Ruling against objections made by the brokerage firm's creditors, he approved trustee James Giddens' request. Per Glenn's decision, MF Global's clients can receive another \$2.2 billion distribution, which lets them get back .72 on the dollar.

While the majority of the transfers were to go out within a few days, some were expected to take up to four weeks. In a separate decision, the Glenn approved transferring approximately 330 MF Global client securities accounts to

Perrin, Holden & Davenport Capital Corp. MF Global has already moved approximately 38,000 commodities accounts to other financial firms.

Glen plans to tackle the issue of physical goods distribution, such as silver and gold bars, next month. Clients have complained about not being able to get their share of ownership of such items, which cannot be physically divided. HSBC Holdings Plc (HSBA) has even filed a lawsuit against Giddens. The financial firm is trying to determine who is the owner of the 15 silver bars and five gold bars underlying several Comex contracts between a client and MF Global.

Previous payouts to commodity clients are already at about \$2 billion. However, some customers have said they didn't receive any money from these initial payments.

In other MF Global-related news, CME Group has stopped issuing grants through its primary foundation in the wake of the brokerage firm's bankruptcy filing. The Chicago-based commodities exchange had issued \$22 million to Chicago-area schools and charities in the last five years. CME has said that it will continue to support charitable organizations through other corporate foundations and programs.

In November, CME said it would give ex- MF Global customers the \$50 million that was held by CME Trust. Originally meant to assist traders, the trust had turned into a primary source of charitable giving for the exchange operator.

[Exclusive: CME Trust's charity grants halt on MF failure](#), Reuters, December 18, 2011

[MF Global Wins Permission to Use JPMorgan's Cash as Judge Suggests Probe](#), Bloomberg, December 14, 2011

[MF Global clients get back 72 cents on the dollar](#), Bloomberg/Investment News, December 9, 2011

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[\\$1.2 Billion of MF Global Inc.'s Clients Money Still Missing](#), Stockbroker Fraud Blog, December 10, 2011

[MF Global Shortfall May Be More than \\$1.2B, Says Trustee](#), Stockbroker Fraud Blog, November 26, 2011

[MF Global Holdings Ltd. Files for Bankruptcy While Its Broker Faces Liquidation and Securities Lawsuit by SIPC](#), Institutional Investor Securities Blog, October 31, 2011

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SEPTEMBER 24, 2011

Some of the SEC Charges Against Investment Adviser Over Alleged Involvement In J.P. Morgan Securities LLC Collateralized Debt Obligation Are Dismissed

The U.S. District Court for the Southern District of New York has thrown out some of the Securities and Exchange Commission charges against GSCP (NJ) managing director Edward Steffelin for his alleged involvement in a [JP Morgan Securities LLC collateralized debt obligation](#) deal. GSCP (NJ) was the collateral manager for the CDO transaction.

While JP Morgan Securities settled for \$153.6 million the SEC's allegations that it misled investors about the CDO deal by agreeing to pay \$153.6 million, Steffelin opted to fight the charges. He claimed that there was no reason for him to think that the CDO offering documents were problematic. He argued that nothing had been left out and nobody was "defrauded."

In district court, Judge Miriam Goldman Cedarbaum granted Steffelin's motion to dismiss the SEC's 1933 Securities Act Section 17(a)(3) claims against him. Per the Act, any person involved in the sale or offer of securities is prevented from taking part in any transaction or practice that would deceive or be an act of fraud against the buyer. Cedarbaum said it would be a "big stretch" to conclude that Steffelin owed the investors that bought the CDO a fiduciary duty. However, she decided not to throw out the SEC's securities claims related to the 1940 Investment Advisers Act, which has sections that make it unlawful to sell or offer securities to get property or money as a result of an omission or material misstatement. The act also prevents investment advisers from taking part in a transaction or practice that performs a deception or fraud on a client.

The SEC's charges revolved around a JPM-structured CDO called Squared CDO 2007-1. It mainly included credit default swaps that referred to other CDOs linked to the housing market. Per the Squared CDO's marketing collaterals, GSCP was noted as the one choosing the portfolio's deals. What wasn't included in the disclosure was the fact that Magnetar Capital LLC, a hedge fund, played a key part in choosing the CDOs and had a short position in over 50% of the assets. This meant that Magnetar Capital stood to gain financially if the CDO portfolio failed.

JP Morgan Securities is JP Morgan Chase affiliate. Under the terms of its \$153.6 million settlement, the financial firm agreed to fully pay back all monies that investors lost. By agreeing to settle, JP Morgan Securities did not admit to or deny wrongdoing. Other large financial firms that have settled SEC securities fraud cases related to CDOs in the last 16 months include [Citigroup](#), which recently reached a \$250 million settlement and [Goldman Sachs](#), which settled its case with the SEC last year for \$550 million.

[JPMorgan to pay \\$153.6M to settle fraud charges](#), Boston Herald, June 21, 2011

[Court Tosses Some SEC Claims Against IA Exec Over Role in JPM CDO Deal](#), BNA Securities Law Daily, October 28, 2011

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[Citigroup's \\$285M Mortgage-Related CDO Settlement with Raises Concerns About SEC's Enforcement Practices for Judge Rackoff](#), Institutional Investor Securities Blog, November 9, 2011

[Retirement Fund's CDO Lawsuit Against Morgan Stanley is Dismissed by District Court](#), Institutional Investor Securities Blog, October 27, 2011

[Stifel, Nicolaus & Co. and Former Executive Faces SEC Charges Over Sale of CDOs to Five Wisconsin School Districts](#), Stockbroker Fraud Blog, August 10, 2011

***This post has been backdated.

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JUNE 29, 2011

Washington Mutual Bank Bondholders' Securities Fraud Lawsuit Against J.P. Morgan Chase & Co. is Revived by Appeals Court

The D.C. Circuit Court of Appeal has revived a [securities fraud lawsuit](#) filed by bondholders of the now failed Washington Mutual Bank against [JP Morgan Chase & Co. \(JPM.N\)](#). The plaintiffs had accused the investment bank of causing them to suffer financial losses because it purchased the thrift's assets at a "fire sale" price.

Per the securities complaint, insurers American National Insurance Co., Farm Family Life Insurance Co., American National Property and Casualty Insurance Co., National Western Life Insurance Co., and Farm Family Casualty Insurance Co. are accusing JP Morgan of exerting pressure on the U.S. Federal Deposit Insurance Corp. so it would force the \$1.9 billion sale of Washington Mutual. They contend that as a result, what used to be the biggest savings and loan in the country with \$307 billion in assets was "drastically undervalued," which allowed the financial firm to pick out the best assets at the expense of the plaintiffs, whose bond investments lost their value.

The appeals court panel's decision reverses a federal district judge's ruling last year dismissing the complaint. The judge had said that the bondholders need to have pursued all administrative remedies before filing their securities fraud lawsuit, which is one of a number of complaints stemming from the FDIC's seizure of WaMu in 2008. WaMu's holding company immediately filed for bankruptcy and is still waiting for a judge to grant the permission required to allow it to give creditors \$7 billion.

The appeals court's decision came just one day after the WaMu bankruptcy reorganization plan was challenged by Aurelius Capital Management. The hedge fund said that WaMu was denied access to approximately \$4 billion that JP

Morgan was improperly holding. Aurelius claims that as a result, this settlement is currently of greater value to JP Morgan than WaMu.

Related Web Resources:

[Aurelius withdraws support of WaMu bankruptcy plan](#), Bloomberg Businessweek/AP, June 23, 2011

[Court revives WaMu bondholder suit vs JPMorgan](#), Reuters, June 24, 2011

[American National Insurance Co.](#)

[Farm Family Life Insurance Co.](#)

[American National Property and Casualty Insurance Co.](#)

[National Western Life Insurance Co.](#)

[Farm Family Casualty Insurance Co.](#)

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[JP Morgan Chase Agrees to Pay \\$861M to Lehman Brothers Trustee](#), Stockbroker Fraud Blog, June 28, 2011

[National Credit Union Administration Board Files \\$800M Mortgage-Backed Securities Fraud Lawsuits Against JP](#)

[Morgan Securities, RBS Securities, and Other Financial Institutions](#), Institutional Investor Securities, June 23, 2011

[Securities Practices of JPMorgan Chase & Goldman Sachs Under Investigation by Federal Investigators](#), Institutional Investor Securities Blog, May 19, 2011

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JUNE 23, 2011

National Credit Union Administration Board Files \$800M Mortgage-Backed Securities Fraud Lawsuits Against JP Morgan Securities, RBS Securities, and Other Financial Institutions

This week, the National Credit Union Administration Board filed two [securities fraud lawsuits](#) accusing a number of financial institutions of misrepresenting the risks involved in the mortgage-securities that they sold to investors. The federal credit union is seeking a combined \$800 million.

[JP Morgan Securities LLC](#), Novastar Mortgage Funding Corp, and RBS Securities Inc. are just a few of the defendants, who are accused of committing securities fraud against five wholesale credit unions. Both mortgage-backed securities lawsuits claim that large investment banks sold securities to institutional investors that held subprime loans as Triple-A rated investments. The financial firms allegedly omitted material facts, including that the securities were larded with loans issued to borrowers at high risk of default. The defendants are accused of getting the wholesale credit unions to purchase over \$3 billion in mortgage-backed securities that, according to The Wall Street Journal, were "destined to perform poorly." Subsequently, the credit unions became 5 of the over 40 in the US that have failed since 2009. It has since been up to the approximately 7,000 remaining credit unions to take on some of the loans, while charging higher interest rates to stay in operation. Meantime, the failures of the credit unions have forced NCUA to take on about \$50 billion in battered bonds that are currently valued at a fraction of their original value.

When a borrower defaults on a loan payment, the value of the mortgage-backed security suffers. The NCUA's complaint says that as a result, the credit ratings assigned too many mortgage-backed securities that the credit union purchased collapsed in short order. The NCUA plans to file more securities fraud complaints. Goldman Sachs will likely be among the new defendants.

[Feds Sue Bankers Over Fall in Bonds](#), The Wall Street Journal, June 21, 2011

[National Credit Union Administration Board sues big banks for \\$800M](#), Biz Journals, June 20, 2011

[National Credit Union Administration](#)

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[MBIA Can Sue Morgan Stanley Over Alleged Misrepresentation of MBS Risks, Says US New York Supreme Court](#), Institutional Investor Securities Blog, June 14, 2011

["Skin in the Game" Mortgage Rule Announced by Federal Regulators](#), Institutional Investor Securities Blog, April 16, 2011

[Ambac Financial Group, Insurers, and Bank Underwriters to Pay \\$33M to Settle Securities Lawsuits Alleging Concealed Risks Related to its Bond-Insurance Business](#), Stockbroker Fraud Blog, May 18, 2011

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MAY 19, 2011

Securities Practices of JPMorgan Chase & Goldman Sachs Under Investigation by Federal Investigators

Federal investigators are taking an even closer look at the securities-related practices of [JPMorgan Chase & Co.](#) (JPM) and [Goldman Sachs Group Inc.](#) (GS). In a May 6 Filing with the Securities and Exchange Commission, JPMorgan reported that an investigation into its municipal derivatives securities practices is being conducted by the SEC, the US Justice Department, the Office of the Comptroller of the Currency, the Internal Revenue Service, and a number of state attorneys general. The investment bank and Bear Stearns are under investigation for possible tax, antitrust, and securities-related violations related to "the sale or bidding of guaranteed investment contracts and derivatives to municipal issuers." The SEC's Philadelphia office is recommending that the commission file civil charges against JPMorgan.

Meantime, in its May 9 filing to the SEC Goldman Sachs revealed that the Commodity Futures Trading Commission is looking at the clearing-services practices that Goldman subsidiary Goldman Sachs Execution and Clearing LP provided to a broker-dealer. Goldman is also being investigated by the Justice Department over matters "similar" to a European Commission probe into anti-competitive practices involving credit default swap transactions.

Goldman's filing notes that CFTC staffers verbally notified GSEC that it will recommend that the commission bring charges related to supervision, aiding and abetting, and civil fraud over the financial firm providing a broker-dealer client with clearing services. The charges are being recommended because of allegations that GSEC knew or should have known that subaccounts belonged to the broker-dealer's customers and were not the client's "proprietary accounts."

Related Web Resources:

[Federal Investigators Expand Inquiries Into Goldman Sachs, JPMorgan Practices](#), BNA Securities Law Daily, May 11, 2011

[Wall Street inquiry expands beyond Goldman Sachs](#), Los Angeles Times, May 14, 2011

[Office of the Comptroller of the Currency](#)

[Commodity Futures Trading Commission](#)

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[Ex-Goldman Sachs Board Member Accused of Insider Trading with Galleon Group Co-Founder Seeks to Have SEC Administrative Case Against Him Dropped](#), Institutional Investor Securities Blog, April 19, 2011

[Motion for Class Certification in Lawsuit Against J.P. Morgan Securities Inc. Over Alleged Market Manipulation Scam Granted in Part by Court](#), Stockbroker Fraud Blog, July 23, 2010

[Insurer Claims that JP Morgan and Bear Stearns Bilked Clients Of Billions of Dollars with Handling of Mortgage Repurchases](#), Institutional Investor Securities Blog, February 23, 2011

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FEBRUARY 3, 2011

Insurer Claims that JP Morgan and Bear Stearns Bilked Clients Of Billions of Dollars with Handling of Mortgage Repurchases

Ambac Assurance Corp., a mortgage insurance company, claims that not only did [JP Morgan Chase & Co.](#) resist repurchasing loans from [Bear Stearns](#)-created bonds, but also, it demanded that a lender buy back the bad mortgages. Ambac made the claim in a proposed amended securities lawsuit against Bear Stear's EMC Mortgage unit. JP Morgan now owns Bear Stearns.

Ambac filed its [securities lawsuit](#) in 2008, claiming that ex-Bear Stearns mortgage executives that currently head mortgage divisions at Bank of America, Goldman Sachs, and Ally Financial defrauded and cheated investors, while hiding their actions from the public. Its complaint lists more than \$600 million in claims with \$1.2 billion in damages from the bad mortgage securities that it insured against and invested in. The insurer is now adding the claim of fraud to its case.

According to the complaint, on March 11, 2008, Bear Stearns, who had bought loans and packaged them into bonds for investors to buy, sought to have a lender repurchase mortgages in bonds that Syncora Guarantee Inc. had insured because it claimed that they did not meet promised standards of quality. This, at the same time that Bear Stearns refused, per Syncora's demands, that it buy back the loans over the same flaws.

Bear traders allegedly sold the toxic mortgage securities to investors and then resold the bad loans with early payment defaults to banks that originated them. Because investors were not notified that the time allowed for early default payments had been cut, this allowed the investment bank to swiftly securitize defective loans without giving investors time conduct due diligence.

Former EMC analysts have stepped forward admitting that they were ordered to falsify loan-level performance data and that the information was passed on to ratings agencies, who would then approve Bear's billion-dollar deals. They also claim that senior traders were taking money that should have gone to the security holders that bought the bonds and loans from Bear. Due diligence standards were allegedly ignored. Executives allegedly made tens of millions of dollars in compensation.

Ambac claims that Bear knew that what traders were doing in its mortgage trading division yet chose to conceal the defective loans and ignore contractual obligations. The insurer is now holding JP Morgan accountable for the accounting fraud that began at Bear. Ambac also contends that JP Morgan has continued to ignore the vast off-balance sheet exposure linked to its contractual repurchase agreements.

Related Web Resources:

[E-mails Suggest Bear Stearns Cheated Clients Out of Billions](#), The Atlantic, January 25, 2011

[Ambac Says JPMorgan Refused Mortgage Repurchases It Also Sought](#), Bloomberg Businessweek, January 25, 2011

[JP Morgan and Chase](#), Institutional Investors Securities Blog, February 3, 2011

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JANUARY 18, 2011

JPMorgan Chase & Co. CEO Warns Municipal Bond Investors to Expect More Bankruptcies

According to [JPMorgan Chase & Co.](#) (NYSE: JPM) Chief Executive Officer Jamie Dimon, investors of the municipal bond market can expect expect more bankruptcies. He spoke at the investment bank's annual healthcare conference

and called for those investing in the \$2.9 trillion public dept market to be cautious. Dimon is not alone in his prediction. Cities, such as Harrisburg, Pennsylvania and Detroit, Michigan, have also talked about possibly filing for bankruptcy.

Dimon's statements come even as the number of bankruptcy filings has gone down. Bloomberg.com reports that while 10 municipal entities sought bankruptcy protection in 2009, just five bankruptcy filings were made last year. The largest last year was a South Carolina toll road that had over \$300 million in debt. Also, in 2008, Vallejo California sought bankruptcy protection after it didn't win union pay cuts.

Now, Liberty Mutual Holding Co. has reduced its municipal debt holdings in California, Connecticut, and Illinois. At the end of 2009, it had about \$15.5 billion in municipal securities. As of last September, it had about \$13.7 billion in municipal securities, or about 20% in invested assets. Moody's Investors Service has given Liberty Mutual's holdings in Illinois an A1 rating. Its holdings in Connecticut have been rated Aa2. Insurer Allstate also has had to reduce its municipal securities holdings.

With cities and states hitting their record debt levels, investors in municipal bonds are concerned that their investments are no longer guaranteed to be safe. Attention institutional investors: Contact our [securities fraud law firm](#) to discuss your case.

Related Web Resources:

[JPMorgan Chase & Co. \(NYSE: JPM\) CEO Jamie Dimon Issues Warning for Municipal Bond Investors](#), Money Morning, January 17, 2011

[JPMorgan's CEO Dimon Says More U.S. Municipalities May File for Bankruptcy](#), Bloomberg, January 11, 2011

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SEPTEMBER 28, 2010

Jefferson County, Alabama Officials Want JP Morgan Chase & Other Wall Street Creditors to Accept Proposal that Would Eliminate Almost Half of Its \$3.2 Billion Sewer Debt

Jefferson County, Alabama officials have presented a proposed settlement to Wall Street creditors that could get rid of almost half of its \$3.2 billion sewer debt, create a \$30 million relief fund for ratepayers that have a hard time paying their sewer bills, and limit sewer rate increases to approximately 2.5% annually. The county wants to solve its sewer bet crisis before the current County Commission leaves in November.

A significant number of investors have to agree to the proposal. [JPMorgan Chase](#) and Co. owns most of the county warrants. However, the other banks, including State Street Bank of Boston, Lloyds Bank of Scotland, the Bank of Nova Scotia in Canada, and Societe Generale of Paris would also have to approve it. Getting all of them to agree could prove challenging. Not all creditors may end up with half of what is owed. Some creditors want the settlement discussions to slow down while efforts are made to determine if more money can be obtained from the county.

"Our firm is handling a number of multi-million dollar Jefferson County-related securities claims and other ARS claims, which included claims for 'consequential damages,'" says [Stockbroker Fraud Lawyer William Shepherd](#). "In these cases damages have been incurred by businesses and others when they denied access to their funds for months or years. Meanwhile, they had been told that the funds were placed into 'money market' type investments and were readily available on short notice. Some business completely failed because their cash flow was interrupted when the funds were suddenly tied up in these illiquid investments."

In 1994, the county started a sewer restoration and rehabilitation program after individuals and the Cahaba River Society won their lawsuit demonstrating that the county had polluted rivers and creeks with untreated waste. In a consent decree in 1996, the county agreed to fix the sewer system. Initially estimated to cost \$1 billion, it became a \$3.2 billion project.

In 2002, a number of financial advisers, including bankers from JP Morgan, convinced county officials to replace traditional fixed-rate bonds with notes that came with floating interest rates, such as ARS. Following the credit crisis in 2008, and as borrowing costs rose, the complex financing scheme that the county was using failed. The county has been trying to figure out how to pay back the money it borrowed and is attempting to restructure its debt. In 2009, JP Morgan settled SEC charges related to an illegal payment scam that enabled the broker dealer to obtain business (involving swap agreement transactions and municipal bond offerings) in Jefferson County for a \$75 million penalty. JP Morgan also agreed to forfeit \$647 million in swap termination fees.

"Our securities claims are not against Jefferson County, but against the securities firms that sold our clients these securities," says Shepherd. "Thus, the amounts not recovered by investors in the settlement are losses we are also seeking for our clients based on misrepresentations and omissions in the sales process."

Related Web Resources:

[Jefferson County officials proposing that creditors accept half of \\$3.2 billion sewer debt](#), AL.com, September 26, 2010

[Jefferson County Sewer debt at \\$3.2 billion and growing](#), NBC13, September 7, 2010

[Jefferson County, Alabama](#)

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